

THE GLOBAL NEWSPAPER
Printed Simultaneously
in Paris, London, Zurich
and Hong Kong

Herald Tribune

Published With The New York Times and The Washington Post

No. 30,949

PARIS, SATURDAY-SUNDAY, AUGUST 21-22, 1982

ESTABLISHED 1887

PLO Returns Israelis, Prepares to Start Beirut Evacuation

Compiled by Our Staff From Dispatches
BEIRUT — The Palestine Liberation Organization on Friday handed over two captured Israeli servicemen and the bodies of nine other Israeli soldiers killed in Lebanon, apparently removing the last obstacle for a Saturday start to the peaceful withdrawal of PLO guerrillas from Beirut.

The Lebanese Army took up positions in the area of Beirut's port as Israeli troops withdrew to make way for the arrival early Saturday of 350 French soldiers — the vanguard of the multinational force that will oversee the evacuation. A frigate sailed from Italy on Friday with an advance party of that country's contingent to the force, and President Reagan said in Washington he had approved the dispatch of 800 Marines to Beirut.

Gen. Amir Drori, the commander of Israeli forces around Beirut, said on Israeli state radio that all Israeli demands had been met and the evacuation would begin as scheduled Saturday.

Israel had demanded the return of the two prisoners and the soldiers' remains as a precondition for allowing a peaceful withdrawal of the estimated 11,500 PLO and Syrian-commanded troops from Beirut.

The Red Cross said the PLO handed over the prisoners and bodies at Beirut's port, at the northern end of the Green Line dividing Palestinian-held West Beirut from the Israeli-occupied eastern sector.

A boat before the Red Cross received the two prisoners, they appeared at a news conference hastily arranged at the PLO's information office in West Beirut.

Aharon Ahiaz, a pilot, said with a slight smile that he was treated well during his 75-day captivity. Ronnie Harush, an infantryman,



At PLO headquarters in West Beirut, Abou Zein, the PLO's military security chief, center, announced the release of Israeli pilot Aharon Ahiaz, left, and Ronnie Harush, an Israeli soldier.

captured south of Beirut Wednesday night, answered inaudibly when reporters tried to question him.

A special rabbinical dispensation permitted the two to be flown to Israel after the Jewish sabbath began at dusk, and upon their arrival both said they were in good health.

Ten minutes after the prisoners were transferred, a Red Cross truck brought the coffins of five Israeli soldiers killed in the Israeli invasion that began June 6 and four killed in Israel's 1978 occupation of southern Lebanon.

The transfers came after Philip C. Habib, the special U.S. envoy, transmitted guarantees to the PLO through Premier Shafiq al-Wazzan of Lebanon of the safety of Palestinian civilians remaining behind and the safe passage of the fighters from the besieged capital, Mr.

Kaddish, the Jewish prayer for the dead.

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PLO military police lift the coffin of an Israeli soldier onto an International Red Cross truck in Beirut. The bodies of nine soldiers were released as a condition of the PLO evacuation from the city.

Wazzan told state-run Beirut Radio of Mr. Habib's assurances.

Informed Lebanese sources gave the following outline of the two-week evacuation procedure, key details of which were confirmed by the PLO foreign press spokesman, Mahmoud Labadi:

After the arrival Saturday of the French vanguard of the multinational peacekeeping force that will oversee the withdrawal, the first 3,000 PLO guerrillas will begin leaving by ship for Cyprus for transfer to various Arab countries.

These guerrillas will continue to leave over a period of three to five days.

Beginning next Wednesday, there will be a three-day deployment of the rest of the 2,100-man peace force — including 450 more French, the 800 U.S. Marines and 500 Italians.

On Friday, the rest of the PLO guerrillas, estimated to number about 4,000, 1,500 Syrian troops, and about 3,000 Syrian-commanded troops of the Palestine Liberation Army will begin leaving by

bus for Syria along the Beirut-Damascus highway.

Last to go will be the PLO chairman, Yasser Arafat, and other officials of the various PLO factions. Mr. Arafat is expected to go to Tunis, where the Arab League headquarters is located, PLO and Lebanese sources said.

Guerrillas packing or carrying suitcases were a common scene in several West Beirut neighborhoods Friday, while PLO demolition experts detonated land mines that had been planted in the streets and on the beachfront.

Israeli forces encircling West Beirut began allowing the Red Cross to bring food and fuel into the predominantly Muslim western sector Thursday, although normal electric power was still not available.

But Israeli officials in Jerusalem said there were no plans for their forces to leave Beirut or Lebanon until all Syrian troops and Palestinian guerrillas were out of the country. There are still several thousand PLO guerrillas in northern Lebanon, near the city of Tripoli, and the Israelis estimate there are 4,000 to 5,000 more in the Bekaa Valley of eastern Lebanon along with an estimated 25,000 to 30,000 Syrians.

Lebanon's foreign minister, Fuad Boustros, has said that he hopes to begin talks next week, with Mr. Habib's help, leading to the withdrawal of all foreign troops from Lebanon.

In announcing on Friday that the United States would send 800 Marines to help with the evacuation, Mr. Reagan said the U.S. troops would have a "carefully limited combatant role."

The president, in a brief statement in the White House Rose Garden before leaving for a two-

(Continued on Page 2, Col. 3)

Bankers Agree to Delay Mexico Loan Payments

Compiled by Our Staff From Dispatches
NEW YORK — International bankers agreed Friday to allow Mexico to delay repayment of \$10 billion of debt and to consider extending to the country new loans of up to \$1 billion.

Rafael Resendiz, a Mexican government spokesman, also said that his country, hit hard by the worldwide recession, and low on cash, was negotiating for \$4.5 billion in

Mexico's debt plan, and further interest rate cuts, sent New York stocks sharply higher. Page 9.

credits from the International Monetary Fund.

Mr. Resendiz was speaking after a meeting between Mexican officials, led by Finance Minister Jesus Silva Herzog, and representatives of more than 100 of the country's bank creditors, including 55 from the United States.

Mr. Silva Herzog said the agreement provides that Mexico would continue to pay interest due in the next three months but that payments of principal would be delayed 90 days.

Mexico, shouldering \$80 billion in public and private debt to foreigners, has seen the value of its peso plummet this year, the inflation rate soar and its oil sales stagnate.

The meeting was held in a 10th floor conference room at the Federal Reserve Bank of New York, but the Fed's only role in the meeting was to supply a room, according to a Fed spokesman, Arthur Samansky.

Mr. Silva Herzog said after the two-hour meeting, "We have been facing a liquidity problem, a cash problem."

"Nothing essential has happened to the production capacity

of our economy. Once we come out of this liquidity problem, we can look with confidence... to the future of the Mexican economy."

He said the agreement also calls for the establishment of an advisory group of 14 banks that will organize a syndicated loan of between \$500 million and \$1 billion to help Mexico through its cash shortage in the coming weeks.

He did not identify the banks, but said they represented the United States, Japan, Europe and Mexico.

Asked whether Mexico was in danger of defaulting on any of its debt, Mr. Silva Herzog said: "Not at all."

Jean Marce, senior vice president of Paribas, a major French bank, said that about 20 to 25 bankers spoke during the meeting, all of them expressing support for Mexico's proposal.

He said he expects a meeting will be held by the end of September of all banks to consider the details of the expected IMF arrangement that should we worked out by that time.

International monetary sources said Friday that the IMF was expected to tap its borrowing arrangements with Saudi Arabia and the central banks of several countries in putting together a big loan package for Mexico by mid-October.

U.S. banks are owed about \$17 billion by Mexico. Friday's edition of American Banker, a daily industry publication, said the nine largest U.S. banks have \$12 billion on loan to Mexico, about 2 percent of their assets.

Bank of America in San Francisco, the largest commercial bank in the world, is thought to hold the most Mexican debt, about \$3 billion, according to published reports.



A Lebanese woman leaves the Red Cross supply truck in West Beirut with food. Although more food and fuel have been allowed into the city's western sector, there is still no electricity.

North Lebanon Fears Israeli Military Strike

By Marvin Howe
New York Times Service

TRIPOLI, Lebanon — Fears are growing in northern Lebanon that once the Beirut crisis is over the Israelis will begin a drive against Palestinian guerrillas in the north and in the Bekaa Valley to the east, with the Lebanese again caught in the middle.

The Israelis are believed to be intent on pushing the Palestinians out of all of Lebanon, even at the risk of clashes with the Syrian Army, which controls the northern and eastern sectors.

In recent deployments the Israelis moved to the peaks at Aqura, 22 miles (35 kilometers) south of here, and reportedly to the Beharre area, 16 miles to the southeast. From Beharre, Israeli artillery can strike Tripoli, with its 500,000 inhabitants, and control the road running eastward across the central Lebanon mountain range into the Bekaa Valley.

While the Israelis have moved armored units northward from the Beirut area, Syria has also strengthened the position of its forces around Tripoli and brought in reinforcements and troops of the Syrian-controlled Palestine Liberation Army into villages around Zghorta, four miles to the southeast.

Lebanese political sources say the Tripoli area appears a likely Israeli target. They say there are two Palestinian refugee camps — at Badawi, two miles northeast of Tripoli, and at Nakr el-Bared, six miles beyond — with a combined population of 25,000.

There has been an increase in Palestinian fleeing from Beirut and southern Lebanon in advance of the Israeli invasion forces. Palestinian guerrillas can be seen in and near the camps.

Palestinian sources refused to

give any indication of the strength of their fighting forces, but Lebanese experts say there may be as many as 7,000. Furthermore, the Syrians have brought Palestine Liberation Army troops here by bus and left them in the Zghorta area without vehicles or logistical support.

Syrian forces are deployed throughout the Bekaa Valley and eastward from the village of Sofar on the Damascus road and south to the region of the Karoun hills. Estimates of the number of Palestinian guerrillas in the Bekaa Valley have ranged from 2,000 to 15,000.

Another reason residents fear an Israeli attack is that this area is the center of Lebanese Christian and Muslim groups favorable to Syria and opposed to Israel and to the Lebanese Christian alliance headed by Bashir Gemayel, who is seen as an Israeli collaborator.

Syrians Cautious

There is no strong military force in the area to challenge the Israelis because most of the groups are splintered. Only the Syrians have significant armed strength, and they are believed eager to avoid a confrontation with the Israelis after the losses the Syrians suffered in June in the Bekaa Valley.

Diplomatic quarters say they do not expect a confrontation between the Israelis and the Syrian forces, which are estimated at 60,000, but believe that Israel will demand a Syrian pullout as the main condition for its own withdrawal from Lebanon.

Adding to the anxieties of the Lebanese in Tripoli was a warning Thursday by Israel's defense minister, Ariel Sharon, that Israel would not tolerate harassment by Palestinians under Syrian protection in northern Lebanon.

INSIDE

■ Britain's summer is being enlivened by a most unlikely political squabble between the Conservative Party and a traditional ally, the Confederation of British Industry. Page 2.

■ The U.S.-China accord on arms for Taiwan is just another in a long series of diplomatic blows to the Taipei government, but none of them have had much impact on the lives of the people or the island's economy. Page 3.

■ Corsican insurgents seeking independence for the French island claimed responsibility for about 70 explosions early Friday, the day that the new Regional Assembly chose its first president. Page 2.

Russia Reported To Agree to U.S. Grain Extension

The Associated Press

WASHINGTON — The Soviet Union has accepted a one-year extension of a grain agreement with the United States, an administration source said Friday.

No details were provided, but the source said the Soviet Union definitely had accepted the offer of a one-year extension proposed by President Reagan on July 30. The source said the Agriculture Department would announce the agreement shortly.

The agreement, which originally took effect on Oct. 1, 1976, was due to expire on Sept. 30.

It calls for the Soviet Union to buy a minimum quantity of U.S. wheat and corn each year — at least 5.4 million tons, with the option of taking 2 million tons more. A metric ton is about 2,205 pounds.

Beirut Feels The Burn of Phosphorus

By Loren Jenkins
Washington Post Service

BEIRUT — Her lips are swollen and blackened, her thin frame swathed in ointment-soaked gauze. From her bed in a makeshift hospital at International College, she recalled when the shell hit the underground garage where she and her family were hiding a week ago.

"Everything suddenly went dark," said 17-year-old Fatmah Aytawi, "and then I remember a brilliant white flame, and I felt I was suddenly on fire."

Doctors said that hours later, when rescue workers finally had dug the Aytawi family out of the rubble and had rushed them to the hospital, their bodies were still smoldering. Miss Aytawi's mother died Monday, but her father remains in serious condition. Four sisters and a brother also are hospitalized.

Doctors at International College and at hospitals throughout West Beirut have reported seeing an increasing number of burn patients like Miss Aytawi and her seven family members, who they say are victims of Israeli phosphorus shells that were part of the intense bombardment of the Lebanese capital.

The wounds are distinctive and much harder to treat than ordinary burns, the doctors say, in part because phosphorus sticks to the skin and can burn for hours. It cannot be extinguished by water, which causes a chemical reaction that makes the wound burn more. Like the Aytawi family, victims often arrive at the hospital with smoke still pouring out of their bodies from internal burns.

Israeli authorities say they use the shells only as "markers" to

(Continued on Page 2, Col. 3)

U.S. Congress Gives Reagan Tax Increase

By Karen W. Arenson
New York Times Service

WASHINGTON — Both houses of Congress approved a \$98.3-billion tax bill Thursday night in a crucial victory for President Reagan.

The House considered the biggest stumbling block to passage, voted 226-207, about 6 p.m. An hour later, the Senate took up the bill, passing it in three hours, 52-47.

Mr. Reagan, who appeared on national television earlier in the week to lobby for the bill, had said it was necessary to reduce interest rates and to ensure economic recovery.

Mr. Reagan called his victory in the House an important part of the "crusade to get the country's economy moving again."

He praised the bipartisan majority that prevailed, saying, "Honorable men and women can honestly disagree. They can also leave their disagreements behind them. Let's leave our differences behind us."

(Continued on Page 3, Col. 7)

Reagan's Leadership Bolstered by Bipartisan Vote on Tax

Hopes for Economic Recovery, Prospects for Fall Elections Drew Support of Both Parties

By Hedrick Smith
New York Times Service

WASHINGTON — The dramatic, uphill victory on the \$98.3-billion tax bill, probably the most crucial vote of his presidency, bolsters President Reagan's political leadership and his hopes for spurring economic recovery, a key to the Republican Party's showing in the November elections.

The president had made his leadership and the need for economic momentum the central issues of the battle over one of the largest tax increases in history, and it was these two issues that proved decisive with many of the wavering Republicans and Democrats in the final hours before the vote in the House of Representatives.

Leaders of both parties insisted that the 226-207 victory would strengthen business confidence and demonstrate to the financial markets that the administration and Congress could take the politically unpopular decision to bring down the deficits, help bring down interest rates and ease the path to recovery.

"That vote is good for the country," said Robert H. Michel of Illinois, the jubilant House Republican leader. "We're going to see those interest rates decline. Nobody thought that in an election year we could pass a tax bill that would raise so much revenue. This vote shows the money markets and the smart people out there who watch

what we do that we mean business on holding down those deficits."

Democrats as well as Republicans acknowledged that Thursday's victory was the vindication of a major political gamble by the president, restoring his reputation for political mastery of Congress despite recent slippage in public opinion polls.

By abandoning ideological consistency

NEWS ANALYSIS

and shifting away from pure supply-side economics, Mr. Reagan not only gave a more moderate tone to his economic policy but risked an open breach with Republican conservatives.

But, under pressure from Democrats for a good Republican showing, the president managed to carry 103 Republicans with him against the 89 Republican rebels, many of whom broke with him Thursday for the first time on a major issue.

Mr. Reagan maintained his unbroken string of legislative victories on the most crucial votes by accepting compromise with the House Democratic leadership with which he has clashed so often in the past 18 months.

Indeed, it was Thomas P. O'Neill Jr. of Massachusetts, the speaker of the House and the president's most renowned political rival, who made the most moving plea for

Republican support in House debate. He reminded younger Republicans that the Reagan victory in 1980 had helped carry them into office.

"About 30 of you are here because of President Reagan," Rep. O'Neill said. "Are you going to follow the leader who elected you?"

By helping the president, the Democratic leaders have now significantly blunted White House charges that House Democrats were blocking the Reagan economic program and even stalling recovery and have diminished the president's prospects for attacking them in the fall campaign.

"The political fallout on all incumbents depends on what the economy does," said Rep. Charles W. Stenholm, a Texas Democrat. "If the economy goes up, they'll all be better off, and if the economy goes down, they'll all be worse off."

Personal Prestige

Defeat would have been a disaster for the president, crippling not only the public view of his ability to lead economic policy but his capacity to push legislation through Congress. Most Republicans conceded that if the president had lost Thursday after staking his personal prestige on victory, it would have been costly to Republicans in the fall elections.

That fear and concern about further economic setbacks were persuasive with about

25 Republicans who shifted into the president's camp Thursday. Typically, Henry J. Hyde, an Illinois Republican, said he had supported the bill because of "a fear of what the reaction in the financial markets would be if we defeated this and failed to address the deficit, plus a strong desire not to undercut the president."

But even victory is not an unalloyed political gain for the White House. Because Mr. Reagan depended on Democrats for 123 of the 226 votes, he will find it harder to run a sharply partisan campaign against them this fall.

Moreover, he must now turn to healing a costly split in his own Republican ranks. Conservatives who opposed him have been angered by what they call the "hardball" politics of such presidential political aides as Lyn Nofziger and Ed Rollins or Rich Bond, deputy chairman of the Republican National Committee, who have threatened to withhold political support from dissident Republicans.

But Republican conservatives as well as House Democratic leaders expect the president to quickly reassert his more typical line of pressing for more spending cuts and threatening to veto any budget-busting bills.

"The lion has not lain down with the lamb just because of today's vote," said James C. Wright Jr. of Texas, the House majority leader.



President Reagan in the Oval Office of the White House after receiving the news that the House had approved his tax bill. The Senate, later in the night, also approved the tax increase.

Tories and Business Wrangle Over Best Economic Strategy

By R.W. Apple Jr.
New York Times Service

LONDON — For the last two weeks, the British vacation season has been enlivened by a most unlikely political squabble between the Conservative Party and one of its traditional backers.

Like the Republican Party in the United States and the National Association of Manufacturers, the Tories and the Confederation of British Industry normally lie comfortably in the same political bed.

But not this year — out in the midst of a profound recession, with unemployment still around three million and output falling.

Early this month, the quarterly trends survey issued by the Confederation pointed out an unrelieved gloomy picture of cuts in capital investment, declining orders, export failures and job losses. Almost a third of the companies questioned said they were less optimistic than they had been four months ago about the prospects of improvement.

At the same time, Sir Terence Beckett, the outspoken director general of the organization, who formerly headed the Ford Motor Co.'s operations here, began lobbying for greater government stimulus for the economy. Without some stimulus, said Sir James

Clemenson, head of the confederation's economic situation committee, failures of British companies would continue to increase rapidly.

All of that was too much for Prime Minister Margaret Thatcher and her associates, particularly Sir Geoffrey Howe, the chancellor of the Exchequer. They take considerable pride in having brought the annual rate of inflation down to 3.7 percent in July, its lowest level since December, 1978. They also argue that British business has become more competitive because of the huge layoffs of the last few years.

Sir Geoffrey himself suggested that the industrialists had become "obsessed by gloom and despondency."

And the Thatcher government emphasized that it was not interested in increases in public spending or tax cuts as a means of getting the economy moving.

Then another unlikely thing happened: Sir Terence decided to meet with Peter Shore, the spokesman on economic policy for the opposition Labor Party, who had put forward a five-point plan of economic stimulus that in some ways dovetailed with his own. Mr. Shore advocated, among other things, more public spending on construction and sharper cuts in interest rates, which are already on the way down here.

That meeting infuriated not only many people in the government but also some members of the confederation. Tuesday night, one of the largest construction companies in the country, Taylor Woodrow, announced that it was pulling out of the organization. Richard Puttick, the company's chairman, said he wanted "to see an injection of optimism rather than pessimism."

But the official figures for July seem to give little reason for optimism. Manufacturing output dropped by 1.7 percent from the May total and now stands at its lowest level for more than 15 years.

The debate has reached into the Cabinet as well, apparently reviving the argument between the "wets" and the "drys" about economic strategy. Michael Heseltine, the environment minister, denounced the nation for having no collective will to deal with its economic problems — a comment that the decoders of political symbols took as a criticism of government policy.

James Prior, the leader of the "wets" within the Cabinet, went even further, describing the present level of unemployment as "intolerable" and calling for new measures to create more jobs.

"If Mrs. Thatcher doesn't want me," he said when

asked how he could reconcile his views with those of the prime minister, "she can always get rid of me."

The subject is sure to get an airing at the Conservative Party's annual conference in Brighton, which opens Oct. 5 at the start of the new political year. But in the interim, while most of the country is on holiday, the infighting and maneuvering seems likely to continue, to the detriment of Mrs. Thatcher's overall political strength.

Poll Finds Thatcher Slips

LONDON (Reuters) — Support for Prime Minister Thatcher among British voters has slipped from the peak reached after Britain's victory in the Falklands conflict, according to a Gallup Poll published Thursday in the Daily Telegraph.

Of those questioned, 49 percent said they were satisfied with Mrs. Thatcher as prime minister, down from 52 percent last month in the aftermath of the South Atlantic conflict with Argentina.

Support for the Conservatives slipped two points to 44.5 percent while backing for the Labor opposition was also slightly down at 26.5 percent, the poll found. The survey was carried out earlier this month.

Falklanders Plead Case To Reluctant UN Panel

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — It was an unusual day for the General Assembly's Decolonization Committee, a group accustomed to hearing spokesmen for liberation movements saying "Let my people go."

Thursday they heard two residents of a dependent territory, the Falkland Islands, saying "Let our people stay with Britain."

British in dress, accent and manner, John Cheek and Anthony Blake, members of the islands' Legislative Council, insisted that the 1,800 Falkland Islanders believed in "justice, tolerance and democracy." From what they said during their occupation last spring, they said, these are alien qualities in Argentina.

This is not what some of the 24 members from the Third World and the Soviet bloc were eager to hear. Venezuela, Cuba and Czechoslovakia tried to stop the islanders from speaking, saying they first had to be approved by a subcommittee headed by Czechoslovakia.

But the committee chairman, Frank O. Abdullah, of Trinidad and Tobago, refused, suggesting that diplomats should listen to them.

Bulgaria, Afghanistan and the Soviet Union grumbled, but nobody challenged Mr. Abdullah's ruling. The islanders went ahead with their case.

"We believe passionately in the United Nations idea of self-determination," Mr. Cheek said. "We look to you to support us."

Mr. Blake described their life until British troops forced the Argentine invaders off the islands. The Argentines, he said, forced free speech; interned people for listening to English broadcasts; jailed others arbitrarily; scattered mines without maps, creating a danger that still imperiled the islanders, and "smashed, soiled and looted" homes.

He said the Argentines told the islanders that "we had no right to determine our own future."

"These ideas seem to us preposterous and offensive," he said. They do not seem so, however, to most UN members, who regard Britain as an unlawful colonial occupant of Argentine territory.

The Venezuelan delegate, Pedro Sorensen, explained why self-determination, a committee battle cry, did not apply to the Falklands.

Britain, he argued, seized the islands from Argentina in 1833. The wishes of the inhabitants are subordinate to the principle of "territorial integrity," he said. So, he added, the islands must be "restored to the legitimate sovereignty of Argentina."

Issue Under Review

UNITED NATIONS, N.Y. (AP) — The Decolonization Committee decided Friday to keep the Falklands dispute under review.

At the request of 20 Latin American countries, including Argentina, the Falklands dispute has been added to the agenda of the General Assembly's regular session next month.

Israel and the PLO: Decades of Conflict

Before the establishment of Israel in 1948, Palestine, with both Jewish and Palestinian Arab residents, was under a British mandate approved by the League of Nations Council in 1922.

The British, who had advocated a "national home" for the Jewish people in Palestine with the Balfour Declaration of 1917, found their position in the Palestine mandate west of the Jordan increasingly untenable after World War II. In the face of conflicting claims and bloody strife involving Palestinian Arabs and a growing Jewish population, Britain turned the problem over to the fledgling United Nations.

In November, 1947, the UN General Assembly recommended the partition of Palestine and the establishment of separate Arab and Jewish states. The Jews claimed the establishment of the State of Israel on May 14, 1948.

1948. The creation of the state of Israel leads to war with the Arabs. The modern Palestine refugee problem is born out of the flight of Palestinians that began in the final months of the British mandate.

1962. El-Fatah is founded, initially as a clandestine sabotage group, by Yasser Arafat.

1964. As a consequence of Arab League decisions in January, the Palestine Liberation Organization is formed four months later at a meeting of the Palestinian Congress in Jerusalem. Ahmed Shukairy, the Palestinian delegate to the Arab League, is named chairman of the PLO and a Palestine national charter and constitution are approved.

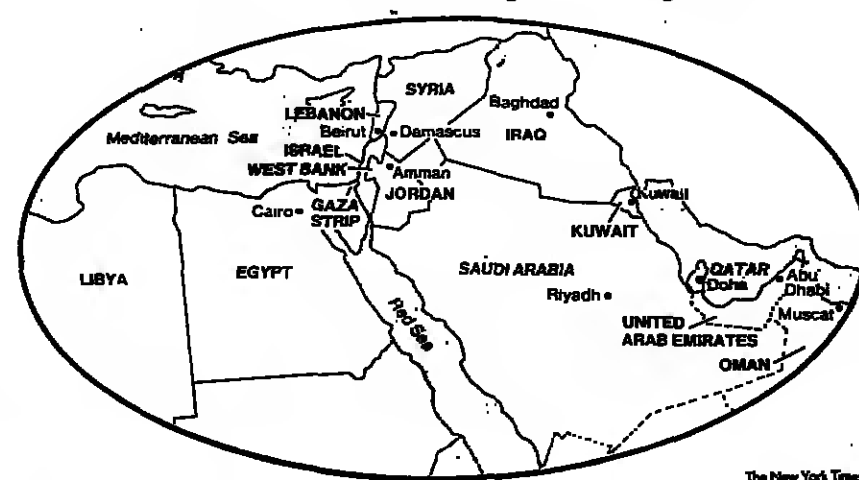
1967. Israel's sweeping victory in the 1967 war leads to a radicalization of the liberation movement. Fatah begins to emerge as the movement's dominant guerrilla group.

1969. Mr. Arafat takes over as PLO chairman.

1970. The concentration of PLO guerrillas in Jordan, where they make raids into Israel, leads to growing tension with the government of King Hussein. In what is known as "Black September" to Palestinians, the Jordanian Army drives the guerrillas out of Jordan.

Early 1970s. Lebanon becomes the main base for the PLO, with the guerrillas concentrated in the south.

1975. The Lebanese civil war envelops various factions of Muslims, Christians and Palestinians. There are also frequent clashes between Israeli and Pal-



Where the Palestinians Are

All figures are estimates. P.L.O. figure for Lebanon is an estimate by local authorities.

	State Dept. estimate	P.L.O. estimate		State Dept. estimate	P.L.O. estimate
JORDAN	1,000,000	1,180,800	EGYPT	80,000	48,500
WEST BANK	700,000	818,300	UNITED ARAB EMIRATES	40,000	34,700
ISRAEL	500,000	530,800	QATAR	20,000	22,500
GAZA STRIP	450,000	478,700	LIBYA	15,000	23,000
LEBANON	400,000	600,000	OMAN	500	48,200
KUWAIT	320,000	278,800	OTHER COUNTRIES	424,500	238,300
SYRIA	250,000	215,500	TOTAL	4,300,000	4,642,900
SAUDI ARABIA	—	127,000			
IRAQ	120,000	20,000			

Source: State Department, Palestinian Statistical Abstract

estian forces across the Lebanon-Israel border.

1976. Syrian troops enter the Lebanese civil war. After first siding with the Christian Lebanese against the PLO guerrillas, Syria reverses itself and Israel becomes the chief supporter of Christian militias opposing Palestinian guerrillas in the south of Lebanon.

1978. After the death of 30 Israeli civilians in a PLO raid, Israel invades Lebanon, pushes the Palestinians north and establishes a "security zone." A UN contingent moves into the buffer zone between the Lebanon-Israel border and the Litani River. The Israelis withdraw.

1979. The PLO resumes attacks against Israel, and Israeli forces respond with strikes against

guerrilla enclaves in Lebanon. Clashes between Israelis and the PLO continue into the 1980s.

June 6, 1982. Israeli forces invade southern Lebanon to destroy PLO military bases.

June 9, 1982. As fighting between Israeli and Palestinian forces continues in coastal towns, other Israeli ground forces push near Beirut.

June 12, 1982. The first of a series of Israeli-PLO cease-fires begins, with Israeli forces effectively laying siege to Beirut.

June 17, 1982. Philip C. Habib, the U.S. special envoy, begins his efforts to reach a diplomatic solution to the crisis.

Aug. 6, 1982. Senior Lebanese officials say that the PLO and Mr. Habib have agreed on all

major points regarding a PLO withdrawal from Lebanon.

Aug. 8, 1982. Prime Minister Menachem Begin of Israel says there are grounds to believe that the PLO guerrillas "will leave shortly and we will not have to enter West Beirut."

Aug. 10, 1982. Israel accepts "in principle" the Habib plan for evacuating guerrillas from West Beirut but continues attacks on Palestinian areas, including, on Aug. 12, the heaviest bombardment of the siege.

Aug. 19, 1982. Israel approves a final draft of the evacuation plan and says it will permit the PLO to leave if they return a captured pilot, a soldier, and the bodies of nine Israelis.

Aug. 20, 1982. The PLO meets Israel's final objections and prepares to leave Beirut.

70 Blasts Hit Corsica; Assembly Chief Chosen

Compiled by Our Staff From Dispatches
AJACCIO, Corsica — An insurgent group seeking independence for Corsica claimed responsibility for about 70 explosions on this French island early Friday.

The series of explosions took place on the day that the new Corsican Regional Assembly chose its first president. Representatives in the 61-seat assembly who were elected Aug. 8 chose Prosper Alfonsi, the leader of the island's center-left Radical Movement.

Mr. Alfonsi, who leads a pro-Mitterrand group in the assembly, was elected in the third round of voting when he won the support of nationalist deputies. Mr. Alfonsi will in effect become chief executive of the island, a role previously held by a Paris-appointed regional prefect.

The Corsican nationalist parties won 13 percent of the vote in the assembly election, giving them the balance of power between traditional leftist and rightist groupings in the legislature.

In the bombings, the police said there were only two minor injuries but extensive damage to banks, stores, post offices and office buildings in the shopping areas of Ajaccio, Bastia, Calvi and other major cities. The businesses hit were owned mainly by residents of the French mainland or by companies whose headquarters are there.

Separatists Claim Bombings

In claiming responsibility for the bombings, the separatist group, the Corsican National Liberation Front, said it was resuming a campaign of violence aimed at achieving independence because "the French state refuses to face the problem of the Corsican nation." It added that "colonialism" was continuing.

The Corsican group, which declared a truce in its armed struggle soon after the Socialist Party came to power in France just over a year ago, made its views known in printed tracts distributed throughout the island Thursday night and Friday.

The explosions took place three days after President Francois Mitterrand announced stern measures to deal with terrorist attacks in France.

The violence in Corsica could be seen as a setback to Mr. Mitterrand's plan to keep peace on the island by drawing the separatists into the political mainstream. On the other hand, groups demanding



Prosper Alfonsi
Elected in Corsica

greater autonomy for the island participated in the assembly election last week and in that of its president on Friday.

The Corsican National Liberation Front had urged a boycott of the assembly elections, saying that Paris was using the elections to undermine the independence movement.

Under Mr. Mitterrand's decentralization program, Corsica became the first French region to elect a regional assembly. France's 21 other regions will vote for such assemblies in about two years.

All of the island's main political parties denounced Friday's bombings.

12 Arrested in Paris

PARIS (UPI) — The police said Friday that they had arrested 12 members of the outlawed Direct Action guerrilla group that had claimed responsibility for several anti-Semitic attacks in Paris.

The 12 members of the far-left group were arrested at their homes early Friday and taken to central police headquarters for questioning, the police said. They were released later.

The group's leader, Jean-Marie Rouillan, 37, was not among those arrested. Mr. Rouillan was being sought by the police after he said in a newspaper interview that it had been his group that bombed a bank linked to the Rothschild business interests and a Jewish-owned shop and had machine-gunned the car of an Israeli Embassy employee.

Direct Action claimed responsibility Thursday for another attack, the bombing of editorial offices of the rightist weekly Minute, because of the magazine's support for Israel.

The government formally banned the group Wednesday.

Beirut Feels the Burn of Phosphorus Bombs

(Continued from Page 1)

guide artillery because their smoke helps gunners zero in on their targets. The Israelis say phosphorus shells have been used in this fashion since World War II and blamed civilian injuries on Palestinian guerrillas who chose to make their stand in civilian-occupied parts of the city.

With the chaos that the two-month Israeli siege and bombardment has produced, it is impossible to determine exactly how many civilians have been killed, maimed or disabled by Israeli phosphorus shells. Still, many doctors say the number of burn cases they have seen has increased markedly this

month, which corresponds with the first physical evidence of heavy phosphorus-shell use.

Samir Shehadi, chief of surgery at the American University of Beirut's teaching hospital, said that most of the serious injuries treated during the early part of the war were from bullets and shrapnel, but the last two or three weeks, though, we have been getting a number of serious burn patients," he said.

Roy Trusi, a Norwegian doctor who is a volunteer surgeon at the makeshift Lahout Hospital at West Beirut's Near East Theological Center, described a man, about 60, who was brought in with a

piece of phosphorus-coated shrapnel lodged in his chest.

"Smoke from the burning phosphorus inside him was coming out his nose and mouth with every painful breath," Dr. Trusi said. "We had to cut the shrapnel out of him before we could finally stop the burning by cutting away the scorched tissues."

Information Source

"No weapon is a good weapon," said John Barton, an American professor of medicine who is working as a volunteer at the same hospital. "But this one, the phosphorus bomb, is one of the worst."

Dr. Amal Shamma, the U.S.-trained, Lebanese director of the

now-closed and shell-battered Bar-Hospital, said most hospitals lacked both the supplies and the expertise to treat phosphorus victims properly. She said doctors were relying mostly on printed information compiled by U.S. military doctors in Vietnam and on a handbook of war surgery published by the North Atlantic Treaty Organization.

There is no way to determine accurately how many phosphorus shells have been dropped on Beirut. But dozens of 155mm artillery shells dug from the rubble of the main Palestinian neighborhoods on Beirut's southern fringes have hollowed interiors coated with yellowish-orange oxide, and the pungent odor of phosphorus is unmistakable.

Other phosphorus shells have hit the city's center in the vicinity of the Hanna Street business district. At least two of the city's 19 hospitals have reported being hit by the shells.

Some doctors, especially those who have not treated phosphorus burn patients, are reluctant to estimate their number, saying pressure on hospital laboratories have made chemical analyses impossible. Medical records often do not distinguish phosphorus victims from other burn patients.

Joseph Ayyad, a Palestinian of Spanish citizenship who is Faoueh Ayyad's doctor, said he was treating 17 phosphorus-burn patients, 11 of them civilians.

A Mail Train in Spain Is Waylaid by Gunmen

REUS, Spain — Hooded gunmen halted the mail train between Spain's two largest cities and made off with at least 10 bags believed full of jewels and bonds last night, police sources said Friday.

They said two gunmen, firing in the air, entered a mail coach as the Barcelona-Madrid train stopped at a signal about a mile (1.6 kilometers) outside the station at Reus, south of Barcelona. They overpowered four guards then threw the bags to accomplices waiting in two getaway cars.

WORLD BRIEFS

Peru Declares an Emergency Rule

LIMA — The Peruvian government declared a state of emergency Friday in Lima and the nearby port of Callao, following the worst night of political violence since the restoration of democracy two years ago.

The measure, which suspends constitutional guarantees and gives police extensive powers of search and arrest, was announced by Premier Manuel Ulloa Ellis after a Cabinet meeting.

The decision was announced after insurgents blacked out the capital by blowing up power pylons and attacked shops and public buildings. Mr. Ulloa said the measure would remain in force indefinitely, but according to the constitution it must be renewed after 60 days.

Mutiny Over, Seychelles Lifts Curfew

VICTORIA, Seychelles — A round-the-clock curfew imposed during a short-lived mutiny by soldiers was lifted Friday after the capture of most of the fugitive mutineers, official news organizations reported.

Seychelles Agence-Presse said life in the Indian Ocean archipelago was back to normal with people going to work as usual and the international airport open. A communiqué from defense force headquarters said some of the mutineers had fled into the jungle outside Victoria.

The communiqué said that a few members of the loyal forces died in Wednesday's battle to retake the government-run radio station, Radio Seychelles, and other key installations on the main island of Mahe. It added that some loyal soldiers and rebels were wounded in the mutiny, which began Tuesday with the declared aim of deposing certain senior military officers.

Ecevit Begins 2d Jail Term of Year

ANKARA — Former Premier Bulent Ecevit went to prison Friday for violating the military regime's ban on public statements by politicians, six months after he served a two months of a three-month jail sentence for a similar offense.

Mr. Ecevit, 57, was sentenced in July to 2 months and 27 days in jail in connection with an article he wrote in the West German magazine Der Spiegel. In that article, he criticized the National Security Council, Turkey's governing body.

Mr. Ecevit will be required to serve an extra month that had been dropped from his previous sentence because of good behavior. A civilian prosecutor had turned down a request from Mr. Ecevit for a four-month postponement of the sentence to await charges pending on two other cases due to be heard again this month.

Shultz Reiterates Stand on Pipeline

WASHINGTON — Secretary of State George P. Shultz reaffirmed Friday the U.S. opposition to the sale of technology for the natural gas pipeline that is being built from Siberia to Western Europe, and the continuation of economic sanctions because of the situation in Poland.

"The president's position is firm," Mr. Shultz said. In response to a question he said he had no immediate plans to travel to Europe to discuss the pipeline issue with European allies. The United States fears Europe will become dependent on Russia for its energy because of the pipeline.

Mr. Shultz also reiterated that, in the U.S. view, developments in Poland have not been sufficient for Washington to lift its sanctions against companies selling technology for the pipeline. He said the United States had no choice but to "push ahead with sanctions as they have been put in place." He also said he believed that U.S. sanctions so far have caused the Soviet Union difficulty in the project.

Natal Adopts Botha's Party Changes

DURBAN, South Africa — The ruling National Party won approval Friday from the first of four provincial congresses for a plan to include mixed-race and Asian minorities in the government.

The Natal branch of the party unanimously endorsed Prime Minister Pieter W. Botha's proposals, which also include creation of a strong executive presidency.

Congresses in the other provinces must also approve the changes before they become policy. A National Party congress accepted the plan last month. The liberal opposition as well as militant Asian, mixed-race and black leaders reject the proposals as "too little, too late." The plan excludes the nation's black majority. The government argues that blacks already have political power in 10 tribal homelands.

Compiled from Agency Dispatches

Officials Fence Square Used in Warsaw Protest

Compiled by Our Staff From Dispatches

WARSAW — A crude wooden fence was erected Friday around Victory Square, a public forum for opponents of martial law.

Officials said the fence is necessary to prepare for repaving the square, which is roughly the size of two football fields. It lies in the heart of the city and is overlooked by two luxury hotels, the opera, and a church.

For more than a year, people have laid crosses of flowers on the square, first in memory of the late Polish Roman Catholic primate, Cardinal Stefan Wyszyński. Later, the square has become a center of protest against martial law.

Three times since Aug. 13 — the start of the ninth month of rule by martial law — riot police used water cannons to disperse crowds at the square.

Over Demonstrations

All unauthorized meetings have been banned under martial law, and gatherings around the cross of flowers took the form of overt

demonstrations in support of Solidarity, the suspended labor union federation.

Solidarity leaders have called for a campaign of leaflets to lead up to mass demonstrations on Aug. 31, the second anniversary of the union's emergence. On that date in 1980, the government and union leaders agreed in Gdansk on a pact guaranteeing the right of workers to form independent unions.

But a veteran Western diplomat predicted Friday in Warsaw that Solidarity will fall short of mustering "massive demonstrations" on that date.

The diplomat said demonstrations against the regime could take place in a dozen cities.

"But I don't think they will be massive, with tens of thousands of people in the streets," he said. "The memory of Solidarity alone is not enough to get those numbers. And the government so far hasn't acted in a way to drive people to the streets."

However, the source said, "It all could be different if the regime tries to put down demonstrations with violence and brutality."

Thus far, there has been little reported response in Warsaw to Solidarity's call for a 2-week campaign of posters, leaflets and graffiti, which was to have begun last Monday.

Martial law authorities have repeatedly suggested that Poles disregard calls for street protests, and warned that it would show no leniency toward "those who plan opposition activity."

"Every effort of sowing unrest must be met with reaction from the forces of order," the official government newspaper Rzeczpospolita said Friday.

Solidarity Claims Resistance
A Solidarity leaflet circulated Friday said that a well organized, extensive resistance movement was in operation, with good communication between major centers and an information network reaching most of Solidarity's members.

The weekly Warsaw underground bulletin Tygodnik Mazowiecki said, "The mass resistance movement is based mostly on union cells within factories," and that clandestine Solidarity groups were operating in nearly every factory, university and scientific institute.

But Western observers and Poles said the bulletin's report appeared highly optimistic.

Polish Freighter Sinks

The Associated Press

YSTAD, Sweden — A Polish freighter capsized and sank late Thursday in the port of this city in southern Sweden, the national press agency reported Friday. Forty persons on board managed to leave the freighter before it sank. The freighter capsized while its cargo was being unloaded.

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On Taiwan, Experience Cushions the Impact of the New U.S.-China Agreement

By Steve Lohr
New York Times Service

TAIPEI — Patrick Lin presented the view here this week, apparently held by most Taiwanese on the agreement between Washington and Peking in which the Reagan administration agreed to limit future arms sales to Taiwan.

"Nothing will change as a result of this communiqué," said Mr. Lin, who runs a small electronics plant in Hsinchu, 40 miles (64 kilometers) south of here. "And it was no surprise."

Mr. Lin noted that the communiqué, which was released Tuesday, was simply further evidence of Taiwan's isolation from other governments; its need for self-reliance and the necessity of diversifying its arms supplies.

The 18 million people on this island have become accustomed to being spurned by other nations, at least diplomatically and politically.

In 1971, the People's Republic of China displaced Taiwan, formally known as the Republic of China, in the United Nations. In 1979, the United States withdrew its diplomatic recognition of Taiwan and recognized the mainland as the "real" China.

Today only 23 nations maintain official diplomatic relations with Taiwan.

Yet none of those political setbacks have had much effect on the day-to-day lives of the people of Taiwan. The nation's economy has recorded one of the highest growth rates in the world over the last two decades, greatly improving the Taiwanese standard of living.

"People here have lived through so many of

these diplomatic events in the past that they are numb to them," observed Diane Ying, the editor of Tien Shu, an influential monthly magazine that covers economic and social affairs.

Public reaction to the joint communiqué was also softened by a barrage of advance warning in newspapers.

The Taipei stock market index advanced steadily after the communiqué was released, apparently because the American concession to China was less than had been feared.

Taiwan's Strength

Taiwan's strength is its economy. It has trade relations with more than 140 nations, and Taiwan's rapid growth, political stability and well-educated, diligent workers have made it an attractive place for foreign investment.

"The communiqué should not alter the economic dynamism or the climate for investment here," said Carter Booth, general manager of the Chase Manhattan Bank in Taiwan and president of the local American Chamber of Commerce.

Though the immediate effects may be few, the Reagan administration's agreement to gradually reduce arms sales to Taiwan is taken as a sign that the nation cannot rely on the United States for its security as much as it has in the past. "Taiwan has no choice but to buy arms elsewhere," a commentator said.

That is a course the government has so far resisted. It has argued, for example, that buying fighter planes now from other countries would involve the costly maintenance of two logistics systems. In addition, given Taiwan's

diplomatic isolation, that would be difficult politically.

For more than three decades Taiwan has been ruled with a firm hand, under martial law, by the Kuomintang, the Nationalist Party, which has the avowed aim of recovering the mainland. The joint communiqué predictably brought calls from President Chiang Ching-kuo, Chiang's son, for redoubled efforts to "fulfill our national policy of anti-Communism and national recovery."

Yet even Taiwanese who express little fondness for the Kuomintang, and who still resent the mainlanders' control of their island, believe that the threat from China is real and that Taiwan should maintain a strong defense. Moreover, they distrust recent overtures from the mainland for a "reunification," despite assurances from the Communist leadership that

Taiwan could retain its economic and social system.

On these issues there is little dissent, publicly or privately. Most people agree with the assessment of James C.Y. Soong, a senior government official: "Ultimately the issue here is way of life. If there is a reunification and the Communists take control, can we maintain our way of life? Everyone here doubts that."

The implicit argument against reunification anytime soon is Taiwan's relative prosperity compared with the mainland. In 1981, the per-capita income in Taiwan was nearly \$2,400, compared with about \$300 on the mainland. "Clearly the mainland has the wrong formula," a local banker said. "Taiwan may not be paradise, but why should we want to join with the Communist mainland?"

Curfew Lifted as Government Ends 2 Days of Police Rioting in Bombay

United Press International

BOMBAY — The government lifted a 24-hour curfew Friday in Bombay, and said troops had quelled a two-day police rebellion in which five persons were killed.

The curfew had been in effect for 41 hours in several districts of central Bombay.

Violence resumed in Bombay on Thursday, when troops fired on a crowd of police constables and mill workers. One person was fatally shot in the head, police said. That death brought to five the number of people killed in the two-day uprising. More than 100 people were injured.

Government officials said nearly

all of Bombay's 22,000 constables took part in the revolt that began Wednesday, although police job actions are illegal. They were demanding better pay and working conditions.

The rioting began after the state government banned the Maharashtra Police Employees' Association and arrested 22 of its leaders.

Babasaheb Bhosale, the chief minister of the state of Maharashtra, said a large number of the dissident police constables had returned to work on Thursday. But, he said, they were not allowed to carry weapons.

He said nine police constables were among 93 persons arrested on suspicion of arson Thursday. In

all, 56 policemen had been arrested in the rebellion and 113 dismissed from the force.

On Wednesday, more than 500 vehicles were set ablaze or damaged, commuter trains were stoned and shops were looted as thousands of angry constables and sympathizers protested in central Bombay streets.

A smaller number of constables took part in less widespread rioting Thursday. Rail and road traffic, which was halted Wednesday, was gradually being restored. But the Bombay Stock Exchange and other businesses in the city's Central District remained closed for a second day.



TORONTO HOTEL FIRE — Clutching a handkerchief against smoke, a man leans from a window at the Hotel Plaza II, a 37-story hotel and apartment tower in central Toronto. A man was killed and 16 persons were hospitalized. The fire Thursday started in an 18th-floor apartment.

Marcos Foes See Ploy in Talk of Coup

Compiled by Our Staff From Dispatches

MANILA — Opposition leaders charged Friday that a claim by President Ferdinand E. Marcos that he has crushed a plot to topple his regime was a ploy to gain bargaining leverage in his talks with President Reagan next month.

In a nationally televised interview Thursday night, Mr. Marcos said that a threat against his government had been foiled and that there was no need to reimpose martial law.

He said that "preemptive action" thwarted what he described as a nationwide terror campaign by unionists and opposition forces aimed at toppling his government sometime in 1983.

Recent Revelations

"After the revelations in the last several weeks and the preemptive action taken by the government," Mr. Marcos said, "I am confident that we have aborted and successfully dissipated the threats, if there be any, against the stability of the new republic."

A spokesman for a recently formed coalition of 12 opposition parties said that the group's president, former Sen. Salvador Laurel, believes that Mr. Marcos' statement Thursday was "a way to gain bargaining leverage for any position the Philippines is seeking from the Americans."

Former Sen. José Diokno, an outspoken critic of the Philippine president, said Thursday that Mr. Marcos' remarks were intended to put U.S. officials on the defensive. The disclosure of the alleged plot, Mr. Diokno said, was "partly designed to create the impression that the Philippine government is not getting enough military and economic support from the United States. This puts the Americans on the defensive."

Mr. Marcos said in his speech that his trip to the United States was nothing more than a "friendly visit" and that he would not be asking for anything from President Reagan. Mr. Reagan, who was governor of California, visited Manila in the late 1960s.

Warning Was Dismissed

On Aug. 8, Mr. Marcos announced that the government had uncovered a plot of nationwide bombings, assassinations and strikes to coincide with his first state visit to the United States in September.

At the time, opposition leaders dismissed the warning as a sign of desperation. But since then, there have been headlines almost daily in the pro-government media about a plot.

Two labor leaders, Felixberto Olalia and Crispin Beltran, have been charged with inciting rebellion and sedition, and are being held in a military stockade. Several other labor leaders have been questioned and released.

"As I see all these happenings of the past few weeks," said former Sen. Lorenzo Tanada, a prominent Manila lawyer who is a Marcos critic, "the real terrorist is the government and the terrorized are the people of the Philippines."



Rep. Jack Kemp, left, a New York Republican who led the opposition, congratulates Rep. Robert H. Michel, an Illinois Republican and House minority leader, after the passage of the tax bill.

Major Provisions of the Tax Bill

The Associated Press

WASHINGTON — Individuals are to pay less than 47 percent of the \$98.3-billion tax increase passed Thursday. The largest burden will fall on those who have been avoiding taxes on savings, investments, tips and other onerous income.

Only about 6.5 percent will come from higher individual income taxes. Taxes on cigarettes, telephones and airplane tickets would account for about 11 percent. Withholding taxes on interest and dividends and stricter reporting requirements on tips, capital gains and investment income would produce 21 percent of the total.

Stricter enforcement of existing laws, through the hiring of more Internal Revenue Service agents, will bring in 6 percent, most of it from individuals. The tightening of pension laws would produce 1.8 percent.

The remainder will come from businesses.

Most of the changes will take effect Jan. 1. They include:

- **Individual deductions:** Only medical expenses that exceed 5 percent (rather than 3 percent) of gross income can be deducted. The deduction of up to \$150 for half the cost of health insurance, even if no other medical deductions are claimed, would be eliminated. Starting in 1984, all prescription drugs and insulin could be lumped with other expenses in reaching the 5-percent threshold. Over-the-counter drugs could not be deducted.
- **Cigarettes:** The federal tax on cigarettes would be doubled to 16 cents a pack; on Oct. 1, 1983, the tax would drop back to 8 cents.
- **Telephones:** The one-percent tax on phone service would rise to 3 percent for 1983 through 1985 and expire in 1986.
- **Withholding:** Starting July 1, 1983, corporations and most financial institutions would have to withhold for tax purposes 10 percent of interest and dividends. Accounts earning less than \$150 a year would be exempt.
- **Compliance:** Tougher penalties and stiffer reporting requirements on such income as state and local tax refunds, capital gains and government securities would be required. Most pensions will be subject to withholding. Restaurants with more than 10 employees will have to provide sales figures to help improve tax collections from tips.
- **Air fare taxes:** Effective Sept. 1, the 5-percent

tax on passenger tickets will rise to 8 percent; passengers leaving the country on international flights would have to pay an extra \$3; a 5-percent tax would be imposed on air freight; the tax of 4 cents per gallon on gasoline for noncommercial aviation would rise to 12 cents; a 14-cent tax would be imposed on noncommercial jet fuel.

• **Unemployment tax:** The employer-paid tax that finances unemployment compensation would be raised by about \$1.20 a month per worker.

• **Unemployment benefits:** Additional federal benefits of up to 10 weeks would be available from Sept. 12, 1982, through March 31, 1983. The change would be financed by raising the percentage of unemployment compensation that is subject to federal income tax, retroactive to Jan. 1, 1982.

• **Savings bonds:** The Treasury Department will be allowed to adjust interest on Series EE and HH bonds to reflect market conditions.

• **Medicare benefits:** Federal workers will pay 1.3 percent of a base wage (a top tax of about \$452 next year) into the Social Security system to finance Medicare benefits.

• **Minimum tax:** A 20-percent levy on upper-income investors will be strengthened to ensure that some taxes are paid no matter how many deductions are claimed. This would cost about 280,000 people an average of \$4,700 apiece over the next three years.

• **Pensions:** High-earning professionals would lose some of the tax advantage of corporate retirement plans, but the \$15,000 a year that self-employed persons may set aside tax-free until retirement would rise to \$30,000 in 1984.

• **Leasing:** Benefits to businesses under the "safe-harbor leasing" provision enacted last year would be repealed at the end of 1983. The law encourages unprofitable companies to sell their tax benefits to other firms.

• **Oil taxes:** U.S. oil companies would no longer be allowed to use foreign tax credits to avoid U.S. tax on other income.

• **Corporate taxes:** The value of some special deductions, such as the oil depletion allowance, would be reduced by 15 percent. Corporations will have to pay 90 percent of their estimated taxes — up from 80 percent — in quarterly installments. Major expansions of depreciation deductions scheduled in 1985 and 1986 are repealed.

House and Senate Pass Reagan's Tax Increase

(Continued from Page 1)

and get on with the nation's business.

The House vote came before a packed gallery of spectators and staff, and ended with a spontaneous burst of cheers from legislators who supported the tax package — a coalition of Republicans and Democrats. The support of the Republicans, 103 in favor against 89 opposed, was probably decisive.

The two-hour debate in the Senate covered most of the same issues addressed in the House discussion. Legislators debated whether the tax package would lower interest rates and help the economy, help or hurt the poor, and whether it would cost more than it would save.

Also discussed was whether it was a reversal of Mr. Reagan's economic program.

Burden on Business

Sen. Bob Dole, Republican of Kansas, who as chairman of the Senate Finance Committee was primary architect of the bill, presented it to the Senate by saying, "Call it a tax increase, call it a tax reform bill, call it anything you want, but vote for it because it is good policy."

The bill is a reversal of key portions of last year's tax act, which sharply reduced the tax burden on business. More than two-thirds of the revenue raised by this bill in the next three years will come from business. In fact, the bill incorporates many goals sought for years by the Democrats, including restrictions on tax breaks to corporations.

The bill will raise about \$50 billion in business taxes, \$21 billion in measures aimed at better compliance with the tax law and \$18 billion in higher taxes on individuals.

The measure would raise tax revenues by \$18 billion in fiscal 1983, \$38 billion in fiscal 1984 and \$43 billion in fiscal 1985.

Liberal Votes

It would also cut federal spending growth by \$3.7 billion in fiscal 1983, \$5.9 billion in fiscal 1984 and \$7.9 billion in 1985, mainly through savings in Medicare, Medicaid, Aid to Families with Dependent Children and other social support programs.


At the same time, the bill provides for the extension of unemployment benefits by up to 10

weeks in states where benefits would otherwise have expired sooner. The measure was aimed at gaining liberal support and votes from states where unemployment is a major problem.

In the Senate, nine liberal Democrats voted for the bill. Edward M. Kennedy, Democrat of Massachusetts, said it was a fairer measure than last year's tax cut "since it asks the most of those wealthy corporations and individuals who can afford to pay more."

"Like everyone else in this House and in this country, I hate taxes, and the polls are reflecting this fact," said Rep. Delbert L. Latta, Republican of Ohio. "But my mail also reflects the fact that people hate the deficits worse than the taxes."

But not everyone agreed that the tax bill would help the economy. Several House members, including Jack F. Kemp, Republican of New York, expressed concern that it would actually hurt the economy. "Whether we call this reform or compliance or a tax increase, we are taking \$100 billion out of the economy, out of the pockets of the American people, out of the nation's businesses," he said.



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Sikh Hijacker Is Killed On Indian Airlines Jet

The Associated Press

NEW DELHI — Police officers killed a Sikh militant who hijacked an Indian Airlines plane Friday by shooting him after he leaped out the cabin door and fired a pistol into the air, an airline official said.

Ajit Gopal, the head of the airline public relations office, said that all 63 passengers and all but one of the six crew members of the Boeing 737 were unhurt. The plane remained on the ground in Amritsar, about 250 miles (400 kilometers) northeast of New Delhi.

Mr. Gopal said that the incident ended about seven hours after the hijacker, who gave his name as Museebad Singh, a member of In-

dia's Sikh religious minority, commandeered the plane en route from Bombay to New Delhi. He ordered the plane to Lahore, Pakistan, but officials there did not allow it to land and the jet went on to Amritsar.

Mr. Gopal said that, at one point, the cockpit crew turned off the plane's interior lights and air conditioning, and "there was a lot of commotion. Passengers screamed. One air hostess was hurt in the melee. The passengers began yelling."

He said that Mr. Singh panicked and told the cabin crew to open the plane's door. He leaped out, fired three shots into the air with a pistol "and shouted at the passengers to keep quiet," Mr. Gopal said.

Airport police hiding under the plane then "came out and opened fire," killing Mr. Singh, Mr. Gopal added.

Officials said the passengers and crew would be returned to New Delhi on a special flight.

Mr. Singh had made several demands after commandeering the plane, including payment of the equivalent of \$85,000 to be paid in Deutsche marks. He also wanted Prime Minister Indira Gandhi to go to Amritsar for negotiations.

His other demands included the installation of a radio transmitter at the Golden Temple, the holiest Sikh shrine, and the release of various imprisoned Sikh militants, airline spokesmen said.

At the time, opposition leaders dismissed the warning as a sign of desperation. But since then, there have been headlines almost daily in the pro-government media about a plot.

Texas, the Recession and Suicide

Bankrupt and Desperate, Man Kills Wife, Then Himself

By Ronc Tempest

Los Angeles Times Service

BRACKETTVILLE, Texas — They came to Texas, Antonio Garza wrote in his last, hopeless message to the world, "to work, not to die."

Back in Columbus, Ohio, where the Garzas had lived and worked for nearly 30 years, the savings and loan company had foreclosed on their home. They owed \$17,621 in taxes. Their 4-year-old map-making business was bankrupt, leaving them \$278,000 in debt.

Then Mr. Garza, 53, and his wife Kay Cecilia, 50, sought a new start. But there was no work in North Carolina, where they went first. Finally, they returned to Texas, where Mr. Garza had been born. In San Antonio, they stayed with Mr. Garza's only relative there, an uncle, Ebsandro Lozano.

no said Tuesday. "But it was no soap. They laughed at him day in and day out."

The Garzas soon realized what thousands of others who have preceded them from troubled Northern cities already knew — the recession has come to Texas. Jobs, once so plentiful, are now scarce. Unemployment rates in the big cities of Dallas, Houston and San Antonio are more than 8 percent. State officials and union leaders recently issued warnings to would-be immigrants not to come without a solid job offer.

Last Friday, Tony and Kay Garza left their dog with Mr. Lozano, whom they told they were going to collect food stamps. They drove their 1973 Chevrolet down Roosevelt Street in South San Antonio until it ran out of gasoline.

Someone saw Mr. Garza walk to the trunk of his car and pull out an old Winchester rifle. Morris White, a San Antonio burglary detective, was driving down Roosevelt Street at the same moment and saw Mr. Gar-

za raise the rifle. By the time Mr. White was able to swing his car around and return, Mr. Garza had shot his wife and himself in the head. Both died moments later.

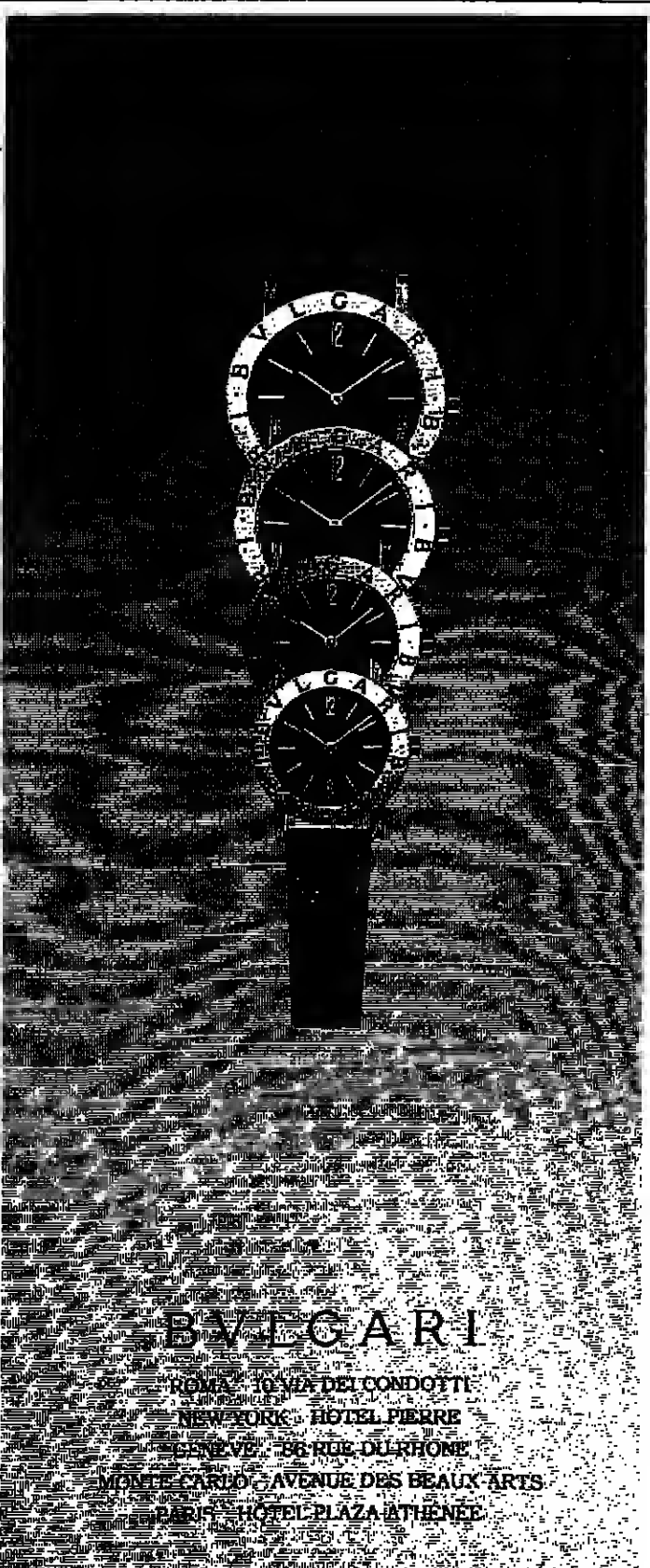
In Mr. Garza's pockets police found 54 cents and a note.

'Reagan Economics'

"I have gone as far as I can with our lives," said the note dated June 28. "My wife, Kay, and I are hard-working people that have been reduced to beggars almost."

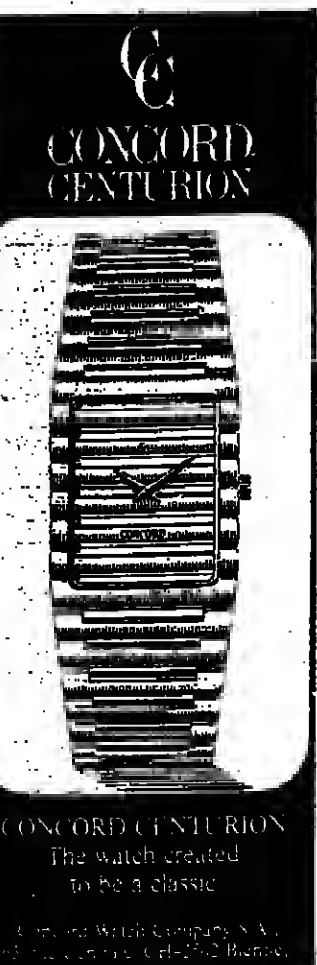
"We came to San Antonio to work, not to die," it said. "But Reagan economics has nothing trickling down to us. I almost cry every time I compare Reagan to Hoover."

On Tuesday, after a small ceremony at Mary Magdalen Catholic Church, Antonio and Kay Garza were buried in Brackettville's Catholic cemetery. More than 100 persons turned out to pay their respects. Many knew him only as the young man who had joined the Air Force and left Texas to make his fortune in the North.



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Who Caused the Deficit?

From THE WASHINGTON POST

Both the administration and Congress would have you believe that the only reason they have not put the federal books in apple pie order is that they have inherited an uncontrollable burden from their feckless predecessors. There was much discussion of the deficit Thursday, as the tax bill was making its way noisily through Congress. No doubt, federal spending has acquired a considerable built-in momentum. But it is interesting to note that most of the federal deficit projected for next year arises from decisions made by this Congress under the leadership of this administration.

The administration now formally admits to a deficit next year of \$115 billion — but almost any administration official will tell you that something in the range of \$140 billion is much more likely. Those numbers assume that the president gets pretty much what he is seeking in terms of spending and taxes. How did the deficit get so big?

One large contributing factor was, of course, the massive tax cut that the administration fought for so hard last year. The Treasury estimates that without the tax cut, next year's revenues would be about \$90 billion higher. Another big contributor to the deficit is the massive defense buildup. The administration wants to increase next year's military spending by \$33 billion, roughly \$20 billion more than would be needed to keep pace with inflation.

Then there are the other spending increases that the administration is seeking. Not all domestic programs are to be cut. Many favored activities — such as Western water projects — are scheduled for substantial increases. Perhaps these are useful activities, but Congress does not have to expand them.

There is also the matter of the economy. If the recession economic projections upon which the administration sold its economic program to Congress a year ago had come true, next year's budget deficit would have been more than \$100 billion smaller. That was never a serious possibility, but many economists would argue that a more sensible mix of fiscal and monetary policy could have avoided the very serious downturn that the economy is now going through.

This is not to say that all would have been well if Congress had just left federal taxes and spending alone. Many federal activities had increased mindlessly, and Congress still has to come to grips with the future implications of some of the entitlements it has created in past years. But it is important for both the administration and Congress to remember that, to a great extent, the financial dilemma they face is of their own making — and it is up to them to keep working on it.

View From Wall Street

From THE WASHINGTON POST

Short-term interest rates began to fall right after the Fourth of July weekend, and since then they have dropped more than three percentage points. Later in July, the Federal Reserve Board assured Congress that it will allow the money supply to rise to the top of its target range. The implication is that interest rates can fall further, perhaps quite a long way, without running into restraint by the Federal Reserve. The financial markets are now reacting to that prospect.

But it is important to remember that there is another, and less happy, side to this sudden change of the collective mind in Wall Street. Until this month, most people in the financial world had taken it for granted that, during the autumn, the American economy would begin to recover from the recession. That would mean more borrowing — and soon the expansion of credit would collide with the tight limits that the Federal Reserve has set. The result would be, once again, rising interest rates. That is why the markets did not react immediately to the decline in rates in July and earlier this month. The experts considered it a mere blip that, within a matter of a few months, would be reversed.

What has changed? Within the past couple of weeks, the consensus has shifted among the economists who advise the investment houses and banks. They no longer believe that there will be any significant recovery be-

fore the end of the year. In particular, they notice that the July cut in income taxes does not seem to be having any visible effect on business. A statement to that effect by the most prominent of those economists, Henry Kaufman of Salomon Brothers, set off a torrent of trading Tuesday. If there is no real business recovery in the months ahead, there will be no collision with the Federal Reserve's limits, and interest rates will stay low.

That is terribly good news, if your business is burdened with debt and interest payments. But it is not terribly good if you are trying to build up a new business — or you are looking for a job. That is not everybody's idea of unqualified optimism.

The basic inconsistency in the country's economic policy has not been resolved. It still lies there, ready to choke off any steady expansion of sales and jobs that might get started. It is the inconsistency between a budget policy that uses big deficits to push for high growth, and the two policies collide, and the result is another terrific surge in interest rates. That will not happen for some time in the future, most of the specialists now believe. But the only reason is that the prospect for any real economic growth now appears to be more remote than, until very recently, they had been expecting.

Other Editorial Opinion

Hong Kong's Future

Hitherto the Chinese have not made any proposals about Hong Kong's future. Until early this year the Chinese government seemed to think it was enough to give private assurances to Chinese businessmen in Hong Kong that they should not let the 1997 (lease-expiration) date disturb their investment plans, since China paid no attention to it, and to point to official Chinese investment in Hong Kong.

Meetings have been held with businessmen from Hong Kong and with mainland representatives based in Hong Kong, such as the Bank of China and the New China News Agency. Hints have been dropped about the special autonomous regions for which there is now provision in the Chinese constitution. Such was the future offered to Taiwan and China seems to be thinking along the same lines for Hong Kong.

But hints will soon be not enough, nor will professions by both sides of converging interests. If Hong Kong's confidence is not to falter, with results that could be very painful for its people as well as its investors, practical steps towards a transition must now be considered. Mrs. Thatcher and Mr. Deng [Xinping] will have the opportunity to make a start [during her visit to China next month].

— *The Times (London).*

What Next for PLO?

The PLO is aware now, if it was not before, of its deep unpopularity in the Arab world. In one sense it has been betrayed, because all the steadfast phrasology of previous years has evaporated when it faced its military defeat. But in another sense the PLO has done the betraying. It has refused to adopt a constructive and workable policy towards Israel and towards the restoration of an Arab homeland on the West Bank and has led

its Arab supporters up a long diplomatic blind alley in which they now have little room for maneuver.

The PLO can use its diaspora either to dream dreams of Israel's destruction, punctuated once again by acts of terrorism, or to assimilate the facts of 35 years ago, however unjust they may seem, and promote a policy of Arab-Israeli coexistence.

Before the latter process can begin the PLO has to sort out its own internal organization and decide which of its constituent parts accept a realistic program and which no longer belong within its fold.

— *The Guardian (London).*

Mexico's Plight

Mexico's plight is a death blow to any remaining ideas that the recycling of the oil surpluses achieved by the banking system was an unqualified act of economic virtue. Indiscriminate bank lending short-circuited more appropriate flows of finance — whether official, or via the issue of securities or through direct investment — and suspended reality both for oil suppliers and for oil buyers. Mexico was a prime example of the illusion that this fostered. The transient magic of oil was such that both banks and borrower were still arranging loans when 49 percent of its \$60 billion bank debt was repayable within one year.

The central banks now have the delicate task of bringing the deluded international banking system gently back down to earth. They must preserve confidence in the system without creating the impression that official bailouts are a foregone conclusion: the re-emergence of fear, of sense of risk, of a feeling that governments cannot always provide is a prime reason why interest rates may now be declining to bearable levels.

— *The Financial Times (London).*

WASHINGTON — The polls say Israel is saying a significant price in American public favor for its invasion of Lebanon. Some American Jewish leaders anguish out loud about the Begin government's policies. There are rumblings of discontent in Congress. Is this the start of a fundamental change in the traditional, extra-special U.S.-Israeli relationship?

No — or, at least, not yet. Much will depend on how Israel now reassesses its security requirements. With its northern border presumably secure and a peace treaty with its most important adversary, Egypt, to the south, the question is what effect this will now have on Israel's approach to the West Bank and Gaza, to the central Palestinian problem and the larger middle East peace process.

That is the point: What is happening is not so much a shift in sentiment, from support for Israel to opposition, as it is a shift in the burden of proof — a shift, even among Israel's most reliable backers, from unquestioning support to sharp questioning. By way of example, I offer in evidence a long letter to House Speaker Tip O'Neill from Congressman David Bonior, a young (37) liberal Democrat from Michigan's 12th district, reporting on his recent tour of Syria, Lebanon, Jordan, Egypt and Saudi Arabia, as well as Israel.

His report to the speaker is his personal view.

But it is the view of a self-styled "staunch supporter" who voted unflinchingly for military and economic aid to Israel and publicly opposed arms aid to its neighbors, including the AWACs sale to Saudi Arabia. His trip, Bonior wrote to O'Neill, has "opened my eyes to another perspective."

To begin with, he was "somewhat startled by the intransigence of the current Israeli leadership," and particularly by the insistence of Prime Minister Begin, Defense Minister Sharon, and Foreign Minister Shamir that "Israel could eliminate the PLO as a political force in the Middle East." Bonior does not buy the implication that "by eliminating the PLO, the political problem will disappear," and he offered, by way of contradiction, an anecdote.

He was surveying the rubble in West Beirut when an automobile drew up, carrying a Palestinian family. The father got out of the car and Bonior asked him if he lived in the neighborhood. The father pointed to a razed building and said that his son had been killed the day before and lay buried in the broken concrete.

Another son, 13 years old, was in the back seat of the car. When he learned that Bonior was an American, he flew into an almost uncontrollable rage. [He] clearly identified the

blame for his brother's death and for the bombing and destruction of West Beirut with the United States," Bonior recounted.

From this and other evidence, Bonior concludes that the "Begin-Sharon policies are radicalizing a whole new generation of Palestinian people. Far from eliminating the PLO and the Palestinian problem, they are enhancing it and creating additional recruits."

Bonior came away convinced that the Israelis did indeed use American military equipment in violation of the U.S. Arms Control Export Act and he was not much impressed by Sharon's response to that suggestion: "His reply was in essence that there are many agreements with many countries and, during times of war, agreements can be broken."

Sharon's cavalier attitude, Bonior believes, raises a serious question about the all-important element of trust between the United States and Israel. Israel's performance in Lebanon disturbs Bonior on other grounds. He sees it not as a limited security measure but as a calculated Israeli effort to "rearrange Lebanese politics" in a way that will "not add stability in Lebanon, but instead plays into the hands of divisive forces" — notably the Christian Phalange.

He was also impressed by what he was told

by his Arab hosts: The tight U.S.-Israeli military connection has upset any "semblance of balance" in U.S.-Middle East policy and threatens to damage American relations with Egypt, Saudi Arabia and other "moderates." He said "several Arab leaders warned of the possibility of Soviet manipulation of the U.S. position."

Finally, Bonior (a Vietnam veteran) noted a "growing backlash" within Israel itself against the Begin-Sharon policies, not unlike the internal divisions in the United States over Vietnam. He cited violations of the rights of Palestinians on the West Bank and in Gaza ("the confiscation of property, imprisonment without charge, and lack of due process of law") and deplored the Begin government's consistent refusal to "make accommodation with moderate elements on the West Bank."

Bonior's biggest worry is that the Begin government is squandering Israel's most important political asset: its "moral edge in the ongoing struggle with Arab states."

In conclusion, I would like to stress that I am still a strong supporter of the state of Israel. Bonior told the speaker. But almost every other sentence in his four-page letter raised questions about how long Israel can afford to gamble on the goodwill and strong support of a David Bonior.

— *The Washington Post.*



U.S. Buildup Endangers Economy

By Stanley Karnow

WASHINGTON — Empires from Rome to Britain have declined and fallen as a result of internal erosion rather than external attack. The historical lesson is worth pondering.

For the Reagan administration is currently committing the United States to whopping defense expenditures designed to meet a Soviet challenge. But the huge outlays on missiles, bombers, aircraft carriers and other hardware threaten to weaken rather than strengthen the United States over time.

So, it seems to me, Americans are being lulled into a false sense of security if they are led to believe that a bigger and better nuclear arsenal represents real protection.

This is not to argue that the country ought to disarm. Weapons are vital, especially as a form of political leverage. The major question, however, is how much of a military establishment can be built up within the

context of U.S. economic capacities. The evidence suggests that there are limits. But Reagan and his advisers, who appear to be deluded by the nostalgic dream of regaining for the United States the global power that it never actually had, have chosen to ignore reality.

The danger, therefore, is that they could be driving America headlong into bankruptcy in the misguided conviction that they are restoring its past greatness.

It goes without saying that Reagan's defense policy is meeting with criticism from what his spokesmen would call "woolly-minded" liberals and assorted pacifists. But I find it significant that alarm signals are being sounded by Reagan sympathizers on Wall Street.

These rock-ribbed conservatives

are not ideologues. They are dollars-and-cents pragmatists who focus on the "bottom line." And, looking at the numbers these days, they are worried. Consider, for example, the observations of Barton M. Biggs, managing director of Morgan Stanley, one of New York's prestigious investment firms.

Biggs notes in the latest issue of his weekly analysis of economic trends that defense expenditures of the United States are scheduled to soar from \$158 billion in 1981 to \$355 billion in 1986 — or from less than 6 percent to nearly 10 percent of the gross domestic product.

"The simple fact is that the United States can barely afford to spend such a high percentage of its output on defense," he concludes, and he goes on to explain why.

For one thing, he says, the "imense burden" of military spending is saddling the budget with increasingly larger deficits, which mean continuing high interest rates to the detriment of business activity.

Solidarity 'Embassy' Sends Message to West

By Leopold Unger

BRUSSELS — Solidarity has set up an "embassy" in the West, and now Poland has two delegations in Brussels.

One delegation, the official embassy, comes with diplomats, offices, secretaries, limousines and all the appropriate perquisites. The other, one that represents the real Poland, has no luxurious residence, no secretaries and no limousines. It operates with a handful of volunteers.

The Solidarity "embassy" was set up after a recent decision of the T.K.K., the Provisional Coordination Committee, made up of five leaders of the independent union who managed to escape the dragnet on the day of the Polish military coup last Dec. 13. The T.K.K., now the head of the clandestine union in Poland, decided that an office should be opened in the West and that Jerzy Milewski should direct it.

Mr. Milewski, a physicist, is one of the top Solidarity leaders who was outside of Poland on Dec. 13.

Mr. Milewski's mission in Brussels is to keep the union bureau open until the Poland is free again. And the bureau's mission is to keep the West informed on what is going on in Poland and what Solidarity is doing about it. At the same time, it will keep Solidarity informed on the interest the union evokes in the West and the support that it receives from non-Communist workers.

The bureau will complete the work already accomplished by the Solidarity committees in various Western countries, particularly the one in Paris, which collects all information and printed matter concerning the now-clandestine union.

The Solidarity "embassy" opened as Poland continues to give evidence that it has not forgotten its own history, particularly Aug. 31, 1980, the day on which for the first time a Communist government was forced by a labor movement to allow the creation of an independent union in a Soviet area of influence.

And now, just as it has done in the past, the Communist government has blamed recent street demonstrations in Polish cities on "extremists." Yet in Mr. Milewski's view, the thousands of demonstrators were giving a vote of confidence to Solidarity.

— *International Herald Tribune.*

By squandering American resources on guns, the administration is also sacrificing a number of vital social programs as well the research and development that is crucial to technological innovation.

Biggs warns, moreover, that the concentration on defense could backfire against Reagan politically. He has little regard for the "naive" anti-nuclear movements sweeping the country, but he concedes that they are potent because, as he puts it:

"The political arithmetic of reducing Social Security benefits and other social programs and at the same time raising defense spending is very unattractive."

Biggs further underlines the extent to which the gigantic military budget is placing the United States at a disadvantage in its efforts to compete with the other industrial democracies, notably Japan and West Germany.

While America allocates 6 percent of its gross domestic product to defense, Japan spends less than 1 percent and West Germany about 3 percent. The United States devotes 35 percent of its research to defense, compared to Japan's 4 percent and West Germany's 7 percent.

As a consequence, Americans are bearing a disproportionate share of the responsibility for the security of their allies. Thus, Biggs forecasts, "in 20 years we will have impoverished ourselves" as the Japanese and Germans emerge as the new superpowers.

The Soviets, ironically, are matching the U.S. experience — and they are having an even harder time of it. They spend 12 percent of their gross domestic product on weapons, assigning their best people to the military buildup. But because they lack America's efficiency and industrial base, the Soviet Union is crumbling under the load.

The Reagan strategy is to sustain the arms race in the hope that it will eventually strain the Soviets to the breaking point. The trouble with that approach, though, is that the U.S. economy may also crack up in the process.

In my estimation, then, the only logical answer is a genuine and dynamic attempt to achieve an arms control agreement with the Soviets — not simply to avert nuclear war, but to prevent economic disaster.

As a hard-line right-winger, Reagan could work out a compromise with the Kremlin with a minimum of domestic flak, just as Richard Nixon was able to break through to China. Such an accomplishment would vastly contribute to America's prosperity — and to its real security.

— *Tribune and Register Syndicate.*

The Politics of Using Term 'Anti-Semitism'

By Flora Lewis

PARIS — It is a painful necessity to note that anti-Semitism is a topical international issue again, only 37 years after stunned Allied forces came upon death camps in Germany and liberated the piteous survivors.

In the wake of a series of bombs and terrorist attacks, the question has come to the forefront in France. Prime Minister Menachem Begin has launched his own counterattacks on France, but there is nothing specially Gallic about the phenomenon. In May, before the invasion of Lebanon, The Times of London published an astonishing report on a long series of current anti-Semitic incidents in Los Angeles.

The war in Lebanon and the emotional intensity of both supporters and critics of Israel have aggravated the issue and given it a new twist.

Israel's foreign minister, Yitzhak Shamir, has put bluntly and openly what Begin and his advisers suggest: "Anti-Semitism and anti-Zionism are the same thing," he told demonstrators in Jerusalem last week.

Denouncing what he called "deliberate French hostility," in voting for sanctions against Israel at the United Nations, Begin said that "anti-Semitism and its consequences are no longer an internal affair (of other countries) as far as we are concerned, and we assert the right to intervene to protect Jews wherever they are."

This is a dangerous doctrine. As France's former Prime Minister Pierre Mendes-France, a widely respected Jew, has pointed out, "By paradoxical collusion, extremists on both sides have found it in their interest to confuse what is going on in the Middle East and in our country." He does not mince words. He called Begin "a mad fanatic," and said: "He is irresponsible. I consider, what he is doing a tragedy for everybody, for his own people and for peace."

It is indeed ironic that the leader of the Jewish state, whose founders rejoiced not only in providing a homeland for the Jews but in making a normal country, should now claim something like the pope's universal status to represent his religion.

Criticism of the Israeli government is equated with anti-Semitism, which is equated with anti-Zionism, in this distorted optic. The Israeli opposition leader, Shimon Peres, says correctly that some anti-Semites use anti-Zionism as a camouflage for their views. But he does not accept the equation and he does, like many other Israelis, criticize the government.

Arab leaders, and the PLO in particular, have contributed to the confusion with their claim that they are not anti-Jewish, just anti-Zionist.

While Arab terrorists kill Jews willfully in Europe and in Israel, their insistence on getting UN resolutions to declare that "Zionism is racist" reinforces Shamir's contention.

The purposes of both sides' extremists are parallel: for the one group, to rally unconditional, unquestioning support for Israel whatever it does; and for the other, to rally unconditional, unquestioning opposition not only to Israel but to all who sympathize and seek its survival. They help each other sustain their positions at the expense of peace and many lives.

Sometimes the loaded rhetoric reaches the point of plain silliness. That happened in the Knesset the other day. The debate was about a law to impose the demand of the Orthodox Agudat Israel Party banning El Al operations on the Sabbath.

Angry workers of the Israeli airline have protested that shutting down on Saturdays will add \$30 million a year to its deficit, cost the Israeli tourist industry \$150 million and lead to loss of jobs.

Their arguments were getting nowhere. The small Orthodox party is vital to Begin's parliamentary majority and he promised it the law when it joined his coalition.

The airline is crucial to Israel's security, providing backup, cargo and transport capacity for the air force. But even the hard-nosed defense minister, Ariel Sharon, does not support its workers. He needs the backing of the ultra-orthodox for his West Bank settlement policies.

In desperation, the airline employees banned access to Ben-Gurion Airport to a group of Orthodox travelers who, they believed, were members of Agudat Israel. When the incident was discussed in parliament, Dr. Yehuda Ben-Meir, deputy minister for foreign affairs, called the workers' action "anti-Semitic" and said, "If this would happen in France, the whole Knesset would rise in protest."

It would be hard to satirize the reckless use of a serious charge more pointedly.

Responsible leaders, Jews and non-Jews alike, must make it clear once again that bigotry is bigotry, Israel is a country, and blurring the distinction is pure demagoguery. Both decency and democracy are undermined by letting it go unchallenged.

Anti-Semitism is a disease to be eradicated, not a "worldview" to be thought that the Holocaust was "inevitable." Unfortunately, unlike smallpox, no one knows its real cause. But it is clear that to combat it, it must be isolated, not spread by self-serving politics.

— *The New York Times.*

LETTERS TO THE EDITOR

Nuclear Freeze

While termed a victory by the Reagan administration, the House rejection of the bilateral nuclear freeze proposal was put into proper perspective by Rep. Edward Markey. "It was a defeat for the American people."

The alternative "freeze" proposal offered by the Reagan team is a fraud that has nothing to do with stopping the arms race. Rather, it is a sinister endorsement of Reagan's massive \$180-billion nuclear weapons program that includes deployment of the MX, Trident-2, Pershing-2 and Cruise missiles, along with production of the B-1 bomber, the neutron bomb, and 15,000 hydrogen warheads, the latter to be added to the 26,000 nuclear bombs we already have stockpiled.

This Reagan/military-industrial complex escalation program is the most dangerous and irresponsible to date. It includes weapons of potential first-strike capability, and others designed for waging "limited" nuclear war.

DOUGLAS MATTERN, San Francisco.

Economic Incompetence

Regarding "David Stockman's Budget Defense" (HT, Aug. 11): In David Stockman's defense of the Budget Amendment, certain distressing features of the way the Reagan administration operates become clear.

1. Muddled thinking. The issue of government spending as a percentage of GNP on the one hand, and deficit spending on the other, two quite distinct items, are hopelessly confused in Stockman's analysis. He himself notes that the entitlement program "exploded," as he so imperially put it, in the mid-'60s, yet the budget was balanced in 1969.

2. Superficial reasoning. The only reasons Stockman gives that responsible fiscal decision-making won't solve the problem are "the trends of the last decade" and "attitudes in the present Congress."

3. Fast and loose talk. When Stockman says "The Reagan administration has had considerable success in slowing the growth of spending," I don't know whether to laugh or cry. The Reagan administration has made the problem of deficit spending worse than it has ever been in history.

What is becoming clear is that one real problem with the American economy (and, for that matter, the awkward, counterproductive nature of many American foreign policy initiatives) is the "simple-mindedness and just plain incompetence" of the managers. It's time to get ready to throw the bums out.

MICHAEL FLKIN, Amsterdam.

"Callous Insanity"

Regarding "Winning Protected Nuclear War" (HT, Aug. 16): Frankly, none of these words individually makes any sense to me, and placed all at once together they convey a sense of these self-important men making plans and adding figures. Do they no longer see the deaths and destruction in those numbers? And just what do they so need to win? A sense of pride with no place left to put it? What callous insanity. My head aches from daily headlines: war costs, war plans, war threats, all the energy modern man puts into mass murder. And meanwhile, people in small print are suffering.

What happened to the child in each of us that would stop forth and declare simply: the king is naked. Let's stop this madness.

Carol Kestley, Paris.

Letters intended for publication should be addressed to the editor and contain the writer's name, address, and daytime telephone number. We cannot acknowledge all letters, but we will publish the ones that we find most helpful.

AUG. 21: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Roosevelt's Pledge
PARIS — Today's editorial in the Herald reads: "In his speech at Provincetown, Mass., while laying the cornerstone of a monument commemorating the landing of the Pilgrims, President Roosevelt said he had received many requests to do or say something to ease the 'present worldwide financial disturbance.' He declared this to be 'wholly unconnected with any governmental action,' and intimated that certain malefactors of great wealth had combined to bring about this financial stress in order to discredit the policy of the government. He then reasserted his determination to prosecute violators of the law and averred that there would be no change in the policy of the administration."

1932: FDR Opens Campaign
COLUMBUS, Ohio — Picturing the administration as encouraging speculation and misleading the public as to the gravity of the 1929 market crash, Gov. Franklin D. Roosevelt of New York opened the Democratic presidential campaign with an attack on the Republican Party. Ignoring prohibition, war debts and other problems, the nominee attempted to show that the depression was a particular child of the Republicans. He charged that, by encouraging speculation, they had permitted a few interests to "make industrial cannon fodder of the lives of half of the population of the United States" and accused the president of placing the blame for the depression at Europe's door.

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Telephone 7471-1265. Telex 612718 (Herald), Cables Herald Paris.

Director of the publication: Walter N. Thayer
General Manager: Asia: Alois Lechner, 24-24 Remondy Rd. Hong Kong, Tel. 5-28 36 18, Telex 61170
S.A. au capital de 1,200,000 F. R.C.S. Nanterre 92 33202/126. Commission Paritaire No. 34231.
U.S. subscription: \$256 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
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BUSINESS / FINANCE

SATURDAY-SUNDAY, AUGUST 21-22, 1982

ECONOMIC SCENE

By LEONARD SILK

Could Wall Street Be Right? A Recovery May Be at Hand

NEW YORK — Wall Street's resurgence this week has raised hopes that if stocks are rising, the resurgence of the economy cannot lag far behind.

But there is wild irony in the picture. The forecasts of lower interest rates that triggered the stock market's upsurge were based on gloomy analyses of the overall business outlook.

For example, Henry Kaufman of Salomon Brothers said the economy was "straitjacketed by financial blockages and fear of international competition." Albert M. Wajsbower of First Boston Corp. said "the business outlook has deteriorated" — capital spending plans have been slashed again, consumption has fallen and inventories have resumed piling up, both at wholesale and retail. The July 1 tax cut, he said, was more like a life preserver thrown to a struggling swimmer than extra stimulus to an economy already at the point of life.

Yet Wall Street cheered wildly, focusing only on the prediction of declining interest rates. Treasury Secretary Donald T. Regan, a Wall Street transplant to Washington, was exuberant, too. He refused to look a gift horse in the mouth. A rally is a rally, and an enormous rally is an enormous rally.

He expressed his appreciation to Mr. Kaufman for his help but said he was right for the wrong reason. The real cause for Wall Street's upsurge was its recognition that the Reagan administration has restored stability to the economy, Mr. Regan contended.

Later in the week, waking up after its two-day binge, Wall Street seemed less sure, wondering whether it had not overdone things. The gloomy economic forecasts — and the current reality of weak business conditions, declining profits and high unemployment — were still staring it in the face.

It was not, after all, just Mr. Kaufman and Mr. Wajsbower who had turned sour on the recovery just before the stock market exploded, but the vast majority of other economists as well. Robert J. Eggert, president and chief economist of Eggert Economic Enterprises, reported on Aug. 10 that the earlier, modestly exuberant outlook for the "after-tax-cut" third quarter had faded among the 44 economists polled for his Blue Chip composite forecast. They expected interest rates to continue to decline. (It is curious how Wall Street tends to disparage the consensus of economists while preferring to follow one bellwether sheep, a role in which Mr. Kaufman has been cast.)

Greenspan's Gloom

Alan Greenspan, president of Townsend-Greenspan and a frequent White House adviser, had just declared, on Aug. 13, "The recovery is still not here," noting that the outlook for 1982-83 "has continued to deteriorate since our last forecast." But, he said, he was holding out little hope for any significant near-term recovery; business order for capital equipment were falling; consumer confidence was low and bankruptcies, already at a post-Depression record, were becoming "a problem rather than just a risk in the outlook."

Albert H. Cox Jr., the president of Merrill Lynch Economics Inc., a subsidiary of Treasury Secretary Regan's old firm, had just warned that the Reagan administration and Reaganomics might be headed for a major setback in the November elections because "too little has been accomplished thus far, and strategic errors have been made."

Hope springs on a moment's notice in Wall Street, but there is good reason to wonder whether the resurgence of the stock market earlier this week (even if it was overdue) does not mark an important turning point in the course of the economy. There has been a drawing back from the brink just before the economy crashed over it. And belief is rising that the economy will survive the mistakes of the past, now that they are being repaired.

Lower interest rates, brought on not just by weak loan demand but by significant changes in the administration's fiscal policy and the Federal Reserve's monetary policy, should provide major support for economic recovery.

A Psychological Lift

The decline in interest rates should help lift housing out of its deep slump. The strengthening bond market should help arrest the fall in business investment in plant and equipment, although, given the heavy hangover of excess capacity, it will take months before capital spending recovers. High unemployment will still be a drag on consumer spending, but gains in take-home pay from the net tax cut (even if the tax-increase bill before Congress passes), higher Social Security benefits and, most important, a gradual rise in output and income as inventory cutting fades will put more money into consumers' pockets and increase their outlays.

Strengthening financial markets are likely to give a psychological lift not only to Wall Street and Washington but to many consumers and businesses around the country.

All the economy's woes have not vanished overnight. The international financial picture, with Mexico now rising to the top of the worry list, remains especially serious.

But Wall Street's burst of action this week suggests that the new Great Crash is not at hand. And if Congress supports the White House plan to produce a more prudent fiscal policy and the Fed continues to work for lower interest rates, the recovery may soon get under way.

AEG to Close Factory At Cost of 2,000 Jobs

United Press International
BERLIN — AEG-Telefunken, as part of its bid to avert bankruptcy, announced plans Friday to close its Berlin engine factory, putting at least 2,000 people out of work.

A company spokesman confirmed that the "Brunswick" factory in West Berlin that makes machines and industrial engines would close, costing about 2,000 of the 10,900 AEG Berlin employees their jobs.

A union official said more than 3,000 jobs would be affected. AEG said engine production would be shifted to other AEG factories in West Germany and to partners abroad.

The closure is part of a radical company restructuring effort to prune the 120,000 AEG workers by as much as half and reduce loss-making operations.

The company, West Germany's second largest electrical concern, filed last week for court settlement of 40 percent of its debts, estimated at nearly \$5 billion Deutsche Marks (\$2.04 billion).

The company was given a temporary breathing space Wednesday when bankers decided to make 700 million DM available immediately to cover current running costs.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

France

Schneider

Year 1981 1980

Revenue 35,720 37,200

Net 1,042.3 1,283

United States

International Harvester

3rd Quarter 1981 1980

Revenue 1,370 1,400

Net 129.8 129.8

9 Months 1981 1980

Revenue 3,600 3,563

Net 277.4 277.4

Brussels

Auto-Grocery 1,220 1,220

Alcatel 1,402 1,402

Artisan 1,220 1,220

Cartier 1,220 1,220

CEB 1,220 1,220

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Kaufman: Calling the Tune Or Just Following the Trend?

By Robert A. Bennett

New York Times Service

NEW YORK — When Henry Kaufman talks, the financial markets move. That, at least, is how it has been.

Take Tuesday. With a dramatic reversal of his earlier predictions that interest rates would rise to new peaks, Mr. Kaufman sparked a tumble in the stock and bond markets.

But some economists are predicting that the latest Kaufman rally may be his last, and that the image of the Salomon Brothers chief economist may have faded as the result of his newly found relative optimism.

His critics contended that Mr. Kaufman's prediction on Tuesday that interest rates would decline was not really a prediction at all but merely a statement of what had already taken place.

In the meantime, many of those who had taken his advice had lost out on substantial profit opportunities, they said.

Alan P. Murray, a senior economist at Citibank, said, "It wasn't really a forecast, it was a comment on what had happened."

Richard B. Hoey, chief economist of Bache Halsey Stuart & Co., a rival of Salomon Brothers, said, "I think it must take away from his credibility."

In contrast to Salomon, Bache has been advising its clients to buy bonds for the last 10 1/2 months, Mr. Hoey said.

Interview Declined

Those who followed Mr. Hoey's counsel in October, 1981, rather than Mr. Kaufman's, have experienced a 27 percent increase in the price of their bonds, while at the same time earning interest rates of 15.2 percent, Mr. Hoey said.

Mr. Kaufman declined requests for an interview this week, but the German-born economist has many supporters who volunteered to defend him.

Jay N. Woodworth, vice president and economist of Bankers Trust, said, "Over the longer run, Henry Kaufman has done a Nobel Prize-

winning-type job in catching some of the long-term trends."

At Morgan Guaranty, Stuart A. Schweitzer, vice president and economist, said, "His views are important both because he is so knowledgeable and because he's followed by so many people."

Mr. Kaufman is described by those who know him as supremely confident, perhaps as the result of his self-made success.

He was brought to the United States in 1937 by his family, fleeing growing anti-Semitism. He earned a bachelor's degree in economics from New York University and a master's from Columbia.

He got a job as a credit analyst at the People's Industrial Bank in 1949, while attending night classes to obtain a doctorate in finance. He spends his weekends writing his speeches and reading.

The thrust of Mr. Kaufman's outlook rests on the fact that the government has been spending more than it takes in, which means it must borrow heavily in the private markets to make up the gap.

This, according to Mr. Kaufman and his supporters, increases demand for credit. And since credit is a commodity, whose price is expressed in interest rates, an increase in demand, or expectations of an increase in demand, also push up the price — interest rates.

The high budget deficits of the Carter and Reagan administrations led him to predict higher and higher interest rates.

In December, 1980, for example, when the prime rate reached 21 1/2 percent, Mr. Kaufman predicted that prime would go "higher before it's going to go lower."

But the prime never reached that level again, and currently stands at 14 percent.

Mr. Hoey said, "The reason Kaufman has so much impact is that he was the basis of confidence for the cash-heavy bears" — those who kept their money in short-term investments.

When his change of heart was made public on Tuesday, Mr. Kaufman's followers started buying bonds, but it was too late.



Henry Kaufman

NYSE Surges As Major Banks Reduce Primes

U.S. M-1 Fell \$100 Million

Reuters

NEW YORK — The Federal Reserve reported Friday that the basic measure of the U.S. money, M-1, declined a modest \$100 million in the week ended Aug. 11 from the previous week.

The drop was in line with most private forecasts, which had called the money supply figure to remain about flat. The result means money-supply growth remains well within the Fed's targets.

fell more than a percentage point Thursday, dropped another half point in initial trading Friday and then rose. Three-month bills were at 7.02, unchanged from Thursday, with rates on six-month and year bills up four and eight basis points, respectively, at 8.44 percent and 9.18 percent. A basis point is one-hundredth of a percentage point.

Dealers said bill yields began rising because some market participants thought their sharp fall in recent days was overdue. The surge in demand for Treasury bills reflected what dealers called a "flight to quality" as investors sought safe investments in the face of rumors that some big U.S. banks will lose heavily on loans to Mexico.

Banks have denied such rumors, which sprouted late Thursday, and the Fed has tried to calm the market.

Longer-term securities rose, in response to passage in Congress of the \$98.3-billion tax increase bill endorsed by President Reagan. That legislation was viewed as a sign that the government is becoming more responsible in its budgeting and will not burden the market with as much debt as had been feared. The key 14-percent Treasury bonds due in 2011 gained a point to reach 11 1/4.

Mr. Kaufman noted that while the charge into Treasury bills has pushed their yields down steeply, the decline in yields on private instruments has been moderate this week. "Just two weeks ago, the yield differential between three-month Treasury bills and negotiable CDs was 102 basis points, as compared with about 270 basis points" early Friday, he said.

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Gold Leaps, Shows \$52-Rise for Week

By Bob Hagerty

International Herald Tribune

PARIS — Lower interest rates and rumors about bank losses sent gold prices leaping Friday.

Gold for delivery this month traded as high as \$392 before being settled on the New York Commodity Exchange at \$386.50, up \$11.40 from Thursday and \$52 from last Friday. In London, gold surged \$29 to close at \$385.25, a seven-month high.

Traders attributed the surge to worries about debt problems in Mexico and several other countries, the recent sharp decline of U.S. interest rates and buy signals from analysts who chart gold price movements.

Although he termed "ridiculous" rumors that Mexico's inability to repay its debts would send U.S. banks crashing, a broker at Bache Halsey Stuart in Paris said such rumors "make a lot of people nervous."

Nervous Market

A dealer at Samuel Montagu in London described the market as "very nervous."

Richard Reinert, a gold specialist at Dean Witter Reynolds in Paris, said much of the demand reflects the same "flight to quality" that has pushed up the prices of U.S. Treasury bills this week. Big loan losses at U.S. banks in recent months have diminished faith in the safety of currencies and made portfolio managers more apt to plunk some of their funds into the traditional haven of gold.

Another factor supporting gold, Mr. Reinert said, has been a rush by professionals to cover short positions, taken in the expectation that prices would fall. "Most of the major commission houses were short," he said. At the same time, he added, jewelers, coin makers and other gold fabricators are building up their stocks of gold.

Lower interest rates, too, have given gold a boost, analysts said, although some said the effect has been minor. The Bache analysts said the cost of financing gold holdings remains high. To make

gold "interesting" as an investment, he said, rates would have to fall below the level of inflation.

Nonetheless, Joseph Mis, a vice president at Shearson Loeb Rhoades in Paris, said gold is drawing fresh investment. "No one has forgotten the heights we saw back in 1980," when gold reached a peak of \$875 an ounce on Jan. 21, Mr. Mis said.

Favorable omens on charts also contributed. Chartists in the United States saw a major break-through when gold for delivery in

December topped \$380 Thursday. A broker at Merrill Lynch International said such signs provided a pretext for bulls to charge in. "A lot of speculators have been waiting for a chance to get into this market," he said.

The Merrill Lynch broker said the rally is likely to continue next week. "A bit of resistance" is likely at the \$400 level, he said, but gold could well reach \$450 in a week or two, he added.

A more gradual advance would be better for the market, he added.

Minister Says OPEC Aims to Defend Price

The Associated Press

VIENNA — Mana Said al-Oteiba, chairman of OPEC's market-monitoring committee, said Friday that the cartel will "spare no efforts" to defend its \$34-a-barrel reference price, despite forecasts that demand for oil will remain weak in the rest of this year.

Mr. Oteiba also said OPEC's overall production is below the cartel's ceiling of 17.5 million barrels a day, agreed upon in March in an effort to limit supplies and strengthen demand on oil markets.

"I feel myself optimistic about the future," added Mr. Oteiba, who is the oil minister of the United Arab Emirates. He was speaking to reporters at the end of the monitoring committee's day-long session here.

Despite his professional optimism about OPEC's future, Mr. Oteiba acknowledged that some member countries are still violating their production limits and said third and fourth quarter demands may be lower than OPEC experts predicted at a ministerial session in July.

That meeting ended in disarray when the 13 member ministers failed to agree to stick to their system of prices and production quotas.

Mr. Oteiba also said "political measures" may be taken to convince members to abide by their quotas, but he declined to elaborate.

The market monitoring committee will decide whether to recommend those measures at its next meeting, slated for Sept. 20 in Abu Dhabi, he said.

Both Mr. Oteiba and OPEC's secretary general, Marc Nan Nguma, blamed continued slack demand for oil on the international petroleum companies, which they said were drawing on stockpiles in an effort to avoid increased purchases of the cartel's oil.

"They are drawing on stocks instead of buying because they think oil will be cheaper in the future," said Mr. Nguma. "But they are wrong. The reality is that the price will hold."

Mr. Oteiba said current OPEC output is less than 17 million barrels a day. "Let's say 16.9 million for the sake of the exercise," Mr. Oteiba said.

Earlier, Indonesia's oil minister, Subroto, said output in July was 18.2 million barrels a day, well above the agreed-upon ceiling.

Meanwhile, industry sources said Indonesia is poised to cut the prices of its slowest moving crude oils, but is held back by the hope

that some other OPEC country will buckle to the pressures of the oil glut first, Reuters reported from Jakarta.

"We understand there have been government meetings on the subject and the mood has completely changed from one of resistance (to price reduction) to one of wanting to go ahead. We are just waiting for a text," one source said.

A second oil company manager said, "Yes, there have been talks and there is a turnaround in thinking. I wouldn't be at all surprised if it comes soon, but they sure would like to see someone else go first."



Mana Said al-Oteiba

Friday's AMEX Closing Prices

...the prices up to the closing on Wall Street.

[illegible]

Eurocurrency Interest Rates

Prices in Canadian cents unless marked \$.

[illegible]**FRANCE****FRANCE**

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the 1990s, the number of people in the United States who are 65 years of age or older has increased by 50% (U.S. Census Bureau, 2000). The number of people aged 65 and older is projected to increase to 20% of the total population by the year 2020 (U.S. Census Bureau, 2000). The number of people aged 65 and older is projected to increase to 20% of the total population by the year 2020 (U.S. Census Bureau, 2000). The number of people aged 65 and older is projected to increase to 20% of the total population by the year 2020 (U.S. Census Bureau, 2000).

Friday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

Stock	High	Low	Open	Close
IBM	175 1/4	174 3/4	175 1/4	174 3/4
AT&T	48 1/4	48 1/4	48 1/4	48 1/4
GE	34 1/4	34 1/4	34 1/4	34 1/4
Westinghouse	26 1/4	26 1/4	26 1/4	26 1/4
General Electric	34 1/4	34 1/4	34 1/4	34 1/4
IBM	175 1/4	174 3/4	175 1/4	174 3/4
AT&T	48 1/4	48 1/4	48 1/4	48 1/4
GE	34 1/4	34 1/4	34 1/4	34 1/4
Westinghouse	26 1/4	26 1/4	26 1/4	26 1/4
General Electric	34 1/4	34 1/4	34 1/4	34 1/4

Floating Rate Notes

Bank	Rate
Alm	10.00
Alm	10.00
Alm	10.00
Alm	10.00
Alm	10.00

Closing prices, Aug. 20

Stock	High	Low	Open	Close
IBM	175 1/4	174 3/4	175 1/4	174 3/4
AT&T	48 1/4	48 1/4	48 1/4	48 1/4
GE	34 1/4	34 1/4	34 1/4	34 1/4
Westinghouse	26 1/4	26 1/4	26 1/4	26 1/4
General Electric	34 1/4	34 1/4	34 1/4	34 1/4

London Commodities Aug. 20

Commodity	High	Low	Open	Close
Sugar	12.50	12.50	12.50	12.50
Coffee	1.50	1.50	1.50	1.50
Cocoa	1.00	1.00	1.00	1.00
Wheat	1.00	1.00	1.00	1.00
Barley	1.00	1.00	1.00	1.00

Cash Prices Aug. 20

Commodity	High	Low	Open	Close
Sugar	12.50	12.50	12.50	12.50
Coffee	1.50	1.50	1.50	1.50
Cocoa	1.00	1.00	1.00	1.00
Wheat	1.00	1.00	1.00	1.00
Barley	1.00	1.00	1.00	1.00

Highs and Lows Aug. 20

Stock	High	Low
IBM	175 1/4	174 3/4
AT&T	48 1/4	48 1/4
GE	34 1/4	34 1/4
Westinghouse	26 1/4	26 1/4
General Electric	34 1/4	34 1/4

Dividends Aug. 20

Stock	Dividend
IBM	1.00
AT&T	0.50
GE	0.50
Westinghouse	0.50
General Electric	0.50

Gold Markets Aug. 20

Market	Price
London	360.00
New York	360.00
Paris	360.00
Frankfurt	360.00
Zurich	360.00

Gold Options (prices in \$/oz.)

Option	Price
Call	360.00
Put	360.00
Call	360.00
Put	360.00
Call	360.00

Japanese Vehicle Exports

TOKYO — Japan's two biggest automakers turned in a mixed report on performance in July. Toyota Motor Corp. said Friday that its vehicle exports in July fell 1.5 percent from a year earlier to 147,104.

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U.S. Money Rates Aug. 20

Rate	Rate
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00

U.S. Money Rates Aug. 20

Rate	Rate
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00

U.S. Money Rates Aug. 20

Rate	Rate
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00

U.S. Money Rates Aug. 20

Rate	Rate
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00
100.00	100.00

U.S. Futures Prices

Commodity	High	Low	Open	Close
Wheat	1.50	1.50	1.50	1.50
Corn	1.00	1.00	1.00	1.00
Soybeans	1.00	1.00	1.00	1.00
Cotton	1.00	1.00	1.00	1.00
Gold	360.00	360.00	360.00	360.00

U.S. Futures Prices

Commodity	High	Low	Open	Close
Wheat	1.50	1.50	1.50	1.50
Corn	1.00	1.00	1.00	1.00
Soybeans	1.00	1.00	1.00	1.00
Cotton	1.00	1.00	1.00	1.00
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Soybeans	1.00	1.00	1.00	1.00
Cotton	1.00	1.00	1.00	1.00
Gold	360.00	360.00	360.00	360.00

Financial

Commodity	High	Low	Open	Close
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Corn	1.00	1.00	1.00	1.00
Soybeans	1.00	1.00	1.00	1.00
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Cotton	1.00	1.00	1.00	1.00
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Corn	1.00	1.00	1.00	1.00
Soybeans	1.00	1.00	1.00	1.00
Cotton	1.00	1.00	1.00	1.00
Gold	360.00	360.00	360.00	360.00

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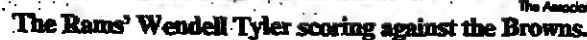
There is now a possibility of married status at some stage for married candidates on Bachelor status and it is also company policy to provide one annual return air ticket to allow wives to visit the kingdom for a vacation. Interviews will be held during September and October with a representative of the Training Department.

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